

State of Arizona; Jan Brewer; Jan. 9, 2012

Good afternoon.

Speaker Tobin, President Pierce, Honorable Senators and Representatives of the Centennial Legislature, Chief Justice Berch and Justices of the Supreme Court, constitutional officers, tribal leaders, honored guests, and my fellow Arizonans:

I probably don't have to tell you that I love Arizona.

It's my home. It's our home.

It's an extraordinary place.

After a long, hard day, I look forward to walking into my garden to rest and to relax, enjoy the wildlife, watch the sun set, and plan for the challenges ahead.

Yes, even including preparing for a State of the State address.

But, it's impossible to be in this chamber today, and not recall that terrible day a year ago – a day that is now a part of our history – the day evil came on a sunny morning in Tucson.

We knew Saturday, January Eighth, 2011 -- would be a mark on our memory: Fixed. Forever.

We knew that time could not wash it away. So, we remember. And, in that reflection – today -- the tears belong to Arizona.

I know countless prayers have been offered this past year -- and continue to be offered -- for those we lost –

- Judge John Roll
- Dot Morris 2
- Phyllis Schneck
- Dorwan Stoddard
- Gabe Zimmerman ... and ...
- Christina Taylor Green.

Though the completeness of life has been broken by their absence -- we continue with their memory close to our hearts.

And, we celebrate the continuing – and inspirational -- recovery of those who were wounded in the attack -- including Congresswoman Gabby Giffords – our friend and colleague.

We emerge from tragedy and crisis because we're Arizonans – we're WESTERN strong. We enter our Centennial Year proud of the land that our founding pioneers both tamed and developed -- while they were tested by time and circumstances.

The great names ... Udall ... Hayden ... McFarland ... Fannin ... Pyle ... Rhodes ... and Goldwater ...

They're all giant bookmarks in the pages of Arizona history.

And, yes, there were women, too, who have rightly taken their place in those pages, -- women like Lorna Lockwood. She was elected to the Arizona Supreme Court in 1960 and served as vice chief justice and chief justice. She became the first woman chief justice in Arizona and in U.S. history.

We're proud to be their children.

Proud of what they gave us.

Arizonans – native-born and coming from all parts of the nation and world – found their opportunity to succeed or fail in the last great frontier of the continental United States and built this state.

So let us, here today, make this pledge for Arizona's second century:
We will not betray their confidence or squander our state inheritance!
Arizona will remain the last frontier of opportunity!

I've always held a special place in my heart for these Arizona pioneers – I've always been inspired by their strength -- their sense of family and heritage – their reverence for tradition.

Many of the images you'll see on the screen today were taken by Scott Baxter, part of a Centennial Legacy Project called 100 Years 100 Ranchers – memorializing Arizona ranching families who have been on the land for more than 100 years.

As you can see, Scott's work beautifully captures the strength and dignity of the Arizona rancher, and we are grateful for his work, allowing all of us to see deeply into our roots. We're proud to have Scott here today ... Scott would you please stand and allow this Chamber to thank you for your great gift and outstanding work.

These titans of the century that we're leaving behind understood – and it's important for us to remember – that the federal government played a key role in the development of Arizona. It's an example of how federal and state cooperation can – and should – work.

Now, as you might have heard, I take a back seat to NO ONE when it comes to taking on Washington D.C. – when it comes to standing up for Arizona. But, there was a

time when we could forge the RIGHT partnership with Washington, unfortunately, in far too many instances -- that's just not true anymore.

Today, Arizonans and Americans are saying to Washington, D.C.:

We don't like an ever-expanding government threatening our personal liberties.

We don't like government living beyond its means and trying to be everything to everyone.

We don't like unconstitutional -- and unfunded -- health care mandates.

And, by the way -- we don't like open borders either.

We have so many monuments in Arizona that remind us of how things are supposed to work -- in partnership with Washington.

Last March, I was privileged to help mark the 100th anniversary of the Theodore Roosevelt Dam, a great monument built at a place the early pioneers called "THE CROSSING."

The crossing in the Salt River was where Native Americans, farmers, and ranchers would ford the river, in the narrow gorge just below the confluence of the Salt River and Tonto Creek.

President Roosevelt's signature on the Reclamation Act of 1902 supplied the funding mechanism for the dam -- and other projects -- triggering the development of the Salt River Valley and the greater Phoenix metropolitan area by providing an assured water supply. 4

Another monument to federal-state cooperation started in 1973, at Lake Havasu, and ... twenty years, 336 miles and \$4 billion later -- the Central Arizona Project was completed -- bringing life-sustaining water to cities, and farms and Native American communities.

In October of last year, I had the honor of helping dedicate the O'Callaghan-Tillman Memorial Bridge. It's an extraordinary structure -- the product of the late Arizona Congressman Bob Stump's relentless pushing and prodding. The bridge restores the freedom to move commercial traffic across Hoover Dam.

With the completion of the bridge, now is the time to add another monument to federal-state cooperation -- the future interstate highway linking Phoenix and Las Vegas -- the "I-11." It will connect two of the fastest growing metropolitan areas in the country.

By the way -- these are the two largest cities in the nation not connected by the

inter-state highway system. This project will promote commerce, tourism and trade across the western United States.

We must not wait.

These are markers to celebrate and to revere.

Still, we all remember Arizona's dark times as we headed into 2009. I took the helm of a ship I cherished – but it was a ship that was sinking, weighed down by over-spending and expanding bureaucracy – and – quite simply – poor navigation.

Frankly, those dark times are worth remembering -- so we can truly appreciate how far we've come -- together.

I know the struggles in this chamber were not fun. I know sometimes tempers were frayed -- patience abandoned, and decorum tested.

But, I also know this ...

Arizona has been saved. And, you were a part of that great mission.
We all know it wasn't by accident.

We had a plan – and, it was the right plan.

How do I know? Because I stand here in front of you, and proudly say ...

Ladies and gentlemen, Arizona now has a balanced budget!
Arizona now has a positive cash balance!

But, there's more ...

Our State Government is smaller.

Our State Government is more efficient.

Our State Government is focused on the future.

Now, an integral part of our recovery plan was the passage of Proposition 100 – the one-cent sales tax approved overwhelmingly by the voters for three years.

The voters were promised it would be temporary. Many doubted that.
Well, I gave my word to the voters.

And, a promise is a promise ...

So, I'm here today to say: This tax will end on my watch!

This tax will end after three years in 2013.

We're blessed to live in a growing state where Arizona families will --- and should --- turn to public schools with confidence to educate their children. Our state is a leader in allowing parents to choose a school that best meets their children's needs.

We must find a way to fund the results we want and reward those educators who guide us into our next century.

That's my commitment to children for the next century -- quality teachers -- a safe environment -- a setting of parents' choosing -- data driven decisions and the highest of standards.

That's the foundation for job creation -- something we're doing as a part of the great Arizona comeback.

We're creating jobs -- 46,000 of them in the last year alone.

In fact, Arizona's job growth ranks 7th best in the nation.

Not bad, my friends, not bad at all.

And, we're just getting started!

There's more good news. Our state credit outlook has stabilized. Companies are again locating in Arizona -- attracted by our lean regulations -- competitive tax policies and ready workforce.

While this is all great news -- it's not enough.

Too many Arizonans remain unemployed or underemployed.

This economic downturn has been tough for them and their families.

I haven't forgotten about them.

Together with all of you here, I intend to do everything in my power to help Arizonans prepare for our ever-changing economy.

Together, just like last year, let's continue to lower taxes, cut regulation and tell all employers that Arizona means business!

Arizona is open for business!

We need to make Arizona the free-market beacon to the nation and the world where you have the opportunity to prosper.

How are we going to create the conditions for success?

Well, today I'm releasing a detailed written policy agenda.

Now, you'll be glad to hear I won't be going through it line-by-line this afternoon -- so relax.

Rather, today is a day for reflection on an extraordinary milestone of Arizona's first century – it's a time to look forward to our second century.

I asked for this job because I want to permanently reform state government.

I'm here to make a difference.

We're ALL here to make a difference.

Here's what Arizonans -- the nation -- and world -- will see when we succeed:

They're going to see the personal incomes of Arizonans increase.

They're going to see us recapture our position as a top job creator by getting back to the fundamentals that built Arizona in the first place.

They're going to see excellence and accountability in our education system.

They're going to see a refashioned government equipped for our next 100 years of prosperity.

It will be a limited, efficient, nimble government – including personnel reform that improves the management of the workforce -- restructures the grievance and appeal systems -- and modifies human resource practices.

And, they're going to see our passion for border security and public safety make Arizona a special place for families and businesses to thrive.

Arizona deserves no less!

This past summer, Arizona faced a frightening enemy – an enemy that threatened lives and livelihoods and the natural beauty of our state. More than 1 percent of the total land mass in Arizona burned.

Those fires proved -- once again -- that federal land management policies have left our public lands overgrown and vulnerable to the kinds of massive blazes we saw last year. We need a return to responsible thinning and active management of federal lands.

Here is my question to the federal government: How long will Arizona and other western states have to burn before you do something? We can't afford another disaster.

Arizona is trying to lead the way with its 4 Forest Restoration Initiative. 4FRI has been delayed almost a year now. We need a contractor to be chosen so we can start thinning our forests. 4 FRI was a truly collaborative process and it needs to be implemented NOW!

We've done our part. We need the federal government to do ITS part!

Along with the physical devastation, personal tragedy struck when veteran firefighter "Dino" Classay was killed in the line of duty while responding to the Diamond Fire on the Fort Apache Indian Reservation near Whiteriver. He was a Fort Apache Hotshot Crew veteran, one of only seven all-Native American interagency hotshot crews in the country.

That heroism is not uncommon in our state -- -- but, tragically -- neither is grievous loss of those who gave the last true measure of devotion for their communities and their country.

They are now forever a part of Arizona -- -- part of its history of courage and sacrifice. 8

They are Arizonans who loved their country and their state with affection only heroes can know. Here are those in uniform Arizona lost in the past year, including a Maricopa County Sheriff's deputy killed just yesterday.

Let our service in this building honor their sacrifice.

Please rise and join me in saluting them.

Thank you.

On February 14, 1912, President William Howard Taft proclaimed Arizona the 48th -- and last -- of the contiguous states to enter the Union of the United States of America.

Ten decades later, we celebrate Arizona's 100th anniversary of statehood and I know the Arizona Centennial Commission has been hard at work traveling the state and encouraging all Arizonans to get involved.

Nearby this Chamber is the building that was created as part of an effort to demonstrate that the Arizona Territory was ready for statehood.

Its design -- by James Gordon -- called for the Capitol to be much larger -- with a more prominent rotunda and large wings for both houses of the Legislature on each side of the current building.

But, a shortage of funds meant the project had to be scaled down – to what it is today.

I think that building is a perfect symbol for this New Year.

We're scaling down this government.

We're making it fit what we can afford.

In my mind, it's pretty simple: less government means more freedom and opportunity for Arizonans!

I'm sure you've seen that the dome of this Capitol is shining once again.

I like to think that it's shining with the same copper brilliance once intended. It's a brilliance that says ... Arizona's gleam is back, and, its future is bright.

There's just one problem ... most of our Capitol Complex -- including the building we gather in today, is not ours.

So, to fortify that symbol – to make all of our capitol truly ours once again -- I'm asking that you send me a bill by Statehood Day that allows me to buy back the Capitol Complex!

Together, we can celebrate the burning of that mortgage!

... And, just east of Phoenix International Raceway -- near Turn #4 -- there is a hill often used for seating called Monument Hill. Toward the top of the hill is another symbol – it's a little known historical marker with a concrete "X."

Called the Initial Point, its where surveys for the state first began and still remains the site for all surveys conducted in Arizona. As the official midpoint of the state, Monument Hill is essentially "the heart of Arizona."

The Arizona Centennial -- like the monuments that mark Arizona's 100 year-old path -- such as the Initial Point – gives us a chance to set our bearings for the next century – an opportunity for all Arizonans to share our great pride in the past, and prepare for the future with a compass heading that is true, worthy and resolute.

Ladies and Gentlemen of the Centennial Legislature, WE are the Architects of our Second Century.

So, will you please join me as we continue to re-build this great state – a state with restrained regulation – limited government -- a steadfast commitment to the 10th

Amendment -- an unwavering commitment to advancing freedom.

I ask you, once again, to join me in securing those freedoms:

- Freedom to build a business -- without suffocating regulation.
- Freedom to build a life and to raise a family -- without the "nanny state" interfering.
- Freedom to speak the truth about government -- and those who would lead it -- without fear of retribution.
- And freedom to increase your income -- without someone telling you that you're making too much money.

However, freedom should never be separated from responsibility.

So, I'm asking every one of you in this room -- every Arizonan beyond these walls -- to make a personal statement in support of our Centennial year.

I'm calling on everyone to make a contribution to the future -- volunteer -- volunteer at your local school -- volunteer in service at your place of worship -- volunteer at shelters, at food banks.

People are still hurting.

So, volunteer for the least and the lost.

Volunteer to provide food or clothing to the less fortunate. Lend a hand at a charity, retirement home, hospital -- anywhere your talents, time and heart can be invested in the lives of others.

Let the spirit of service be at the heart of our centennial year.

Barry Goldwater wrote an article for the February 14, 1962, edition of the Tucson Daily Citizen -- titled "Arizona's Next Fifty Years."

He concluded his look 50 years into the future where we stand today -- with the following words:

My children and grandchildren and great-grandchildren will be as happy living here as I have been during the first 50 years of statehood, because the people will remain warm and kind and thoughtful. And even though much of what we know as desert will have disappeared, there will remain a sufficient amount of natural beauty to satisfy all of the desires of the 10 million people who will live here.

And, Barry Goldwater closed with -- Even though I hope to be on Cloud Nine -- or Ten -- or whatever they allot me -- I am sure that 50 years from now, I will look down on this delightful spot on earth, and be envious of the people who call Arizona their home in the year 2012.

Well, we know that Barry Goldwater – and the rest of our pillars of the past – are still watching -- watching what we do with the next 100 years.

Our future depends on the choices we make.

And, if there's one thing I learned from my mother and my years of public service it's that life is about choices.

It's choosing what's tough over what's tempting.

It's choosing the truthful over the false.

And, it's choosing a government that's necessary -- over a government that's merely desired!

America is an exceptional nation, and I believe Arizona is an exceptional state.

I believe our destiny arrives -- in this time -- and in this place -- and binds us together in some wonderful and mysterious way with the great giants of our past.

I believe that we -- in this chamber -- and the people we represent -- are connected in common purpose with the Keepers of the Arizona range.

To each, we say: You have shown us the way. You, and your families, plowed the fields -- harvested the crops -- mined the ore -- raised the cattle -- and endured the dust and the heat -- the rains and the wind -- to allow this territorial land to rise up as a symbol of what freedom and individual courage can create.

I hope, years from now, that my career, my record, my life ... guided by God's grace ... all stand as proof of my love for this beautiful state -- and my caring for all who call this place home.

In his, February 14, 1912 inaugural address, Governor George W.P. Hunt, concluded his remarks by saying, "I have the hope, the ambition and determination to so discharge my public trust that it will be said of me that 'he started the state off right'."

Well, I have similar hope -- and determination -- to so serve the people of Arizona that it will be said of you and me together -- one hundred years from now -- "They started the state off right ... into its Second Century."

May God bless you – and our glorious 100-year-old state -- and may God always bless and protect the United States of America.

Thank you.

State of Kansas; Sam Brownback; Jan. 11, 2012

Mr. Speaker, Mr. President, Legislators, Justices of the Kansas Supreme Court; leaders of Kansas sovereign Native American Nations, my wonderful wife and First Lady of Kansas, Mary—and My Fellow Kansans—Good evening and welcome back.

Our family just experienced its first wedding with our oldest daughter Abby marrying Eric Teetsel. After that excitement, emotion—and expense, I need to get back to work.

So it's great to see you!

Let me start by saying—I am bullish on Kansas!

We are a state in transition.

From a high tax state—to a low tax state.

From a state struggling to pay our day to day bills—to a state with a healthy bank account.

From issuing more bonds and borrowing from our kids—to paying down our debt.

Transitioning from losing private sector jobs—to growing our private sector workforce.

From an unsound pension system—to an honest defined contribution system.

From a school finance system trapped in litigation—to a simpler system focused on getting dollars out of the court room and into the classroom.

We are transitioning from a Medicaid system lurching between cutting providers, patients or both—to one that gets better results for our most vulnerable Kansans.

From a modest wind energy investment to a top 5 state for projects under construction.

From a wasteful use-it-or-lose-it water law doctrine—to preserving our most precious natural resource: fresh water.

This state in transition will look less to what Washington can do for Kansas and more to what we can do for ourselves.

That's a lot to accomplish. Can we get it done? Of course we can.

A year ago we met here facing two enormous challenges—a stagnant economy with

fewer Kansans employed—and a big budget deficit. Many states across the country were struggling, but in 2010, Kansas ranked among the worst in private sector job creation.

Working together, we acted. Here are the results.

We overhauled our state's economic development system, enacted modest tax relief, and sent word around the world that Kansas is open for business! Since January 2011, Kansas has added more than 11,000 net private sector jobs

On the budget, we faced a \$500 million deficit—but we did not raise taxes. Instead, we cut spending. Clearly, the era of ever-expanding government had to come to an end.

In fact, for the first time in 40 years—the budget for the state's all funds spending actually went DOWN from one year to the next. By applying these fiscally conservative principles, you, the legislature, turned a \$500 million deficit into a more than \$100 million ending balance in one year!

The Kansas Legislature got its job done on time and under budget. Thank you for doing that.

Those are the facts. And it's why now Kansas is considered one of the ten best managed states in America. It is for these reasons, Mr. Speaker, Mr. President; I can report to you that the State of our State is STRONG – and getting STRONGER!

Last session the Legislature gave our rural communities a new tool to help them reverse their population loss—and they have embraced the Rural Opportunity Zone program, offering no income tax and buying down of student loan debt to new or returning residents.

Joining us tonight is Benjamin Anderson, CEO of the Ashland Health Center. His hospital—like many rural hospitals—has struggled to attract medical professionals. Since the Rural Opportunity Zone has gone into effect, Ashland has recruited—from out of state doctors, nurses, and social workers. Benjamin tells me they aren't stopping there—they plan to recruit a dentist, a physical therapist and two more nurses.

It's the kind of population and economic growth I envisioned the Rural Opportunity Zone would bring to Kansas.

Still, the economy remains one of our most pressing issues. While there are certainly factors a state cannot control when it comes to its economy, taxes are one area we do control. And when it comes to taxes, we have some of the highest in the region. This hurts our economic growth and job creation.

To address this, I'm proposing a major step in overhauling our state tax code to make it fairer, flatter, and simpler. My tax plan will lower individual income tax rates for all Kansans. It brings the highest tax rate down from 6.45 percent to 4.9 percent, the second lowest in the region—and lowers the bottom tax bracket to 3 percent. My plan also eliminates individual state income tax on most small business income.

As we modernize our tax code and lower everyone's rates, it is also time to level the playing field and simplify state taxes by eliminating income tax credits, deductions, and exemptions—while expanding assistance to low-income Kansans through programs that are more effective and accountable. I firmly believe these reforms will set the stage for strong economic growth in Kansas—and will put more money into the pockets of Kansas families and businesses. Growth that will allow us to further reduce tax rates and increase our competitiveness. Growth that will see people move to Kansas instead of leaving our state.

With that in mind, I ask the legislature to limit further growth in government expenditures to no more than 2 percent a year—and devote all additional revenues to reductions in state tax rates. This will get us ever closer to the pro-growth states with no state income taxes—which are among the country's strongest economic performers.

It also will enable us to keep the lid on state sales tax and property tax rates by providing robust economic growth. Let's put our "lost decade" in the rear view mirror and speed ahead—at 75 miles per hour—to make this decade the decade of growth and job creation.

When I took office, the state had just ended the last fiscal year with only \$876 in the State General Fund. Excuse me, 876 dollars and Five cents. I immediately instituted a policy of prioritizing expenditures; increasing efficiencies and studying our structural problems. This process required some difficult choices.

Last year when I addressed this body, I said that any fundamental solution to the state's budget problems must include reforming taxes, Medicaid, the pension system and school finance. We also had to face the steep decline in federal money coming to Kansas.

In the last year, working with a committed group of Cabinet Secretaries and this Legislature, we began implementing the needed reforms. Today I am pleased to present the results of this process.

My proposed Fiscal Year 2013 budget provides for an ending balance of \$465 million, exceeding the 7.5% statutory requirement. This budget fully funds or increases funding for essential services while holding State General Fund expenditures below last year's levels.

This budget begins to address the long term structural issues that placed the state in years of fiscal peril.

This budget also addresses the state's ever increasing debt that has created a generational burden sent to our sons, daughters and grandchildren. State government is about to experience an influx of money in the expanded gaming fund with the opening of facilities in Wyandotte and Sumner Counties. To reduce the burden we leave to our children and grandchildren—we should use this increased revenue for its most important statutory purpose—to pay down our debt.

For decades, state government shifted the burden of providing for state employees' retirement to future Legislatures. As a result, KPERS has a shortfall of more than \$8 billion. That's a huge hole, and the first rule of getting out of any hole is to "stop digging."

The KPERS Commission produced solid recommendations which will ensure that state government meets its obligation to retirees. Those who are currently receiving benefits or those who are vested in the current system will be fully protected. The state will increase its contributions to KPERS and require more from workers to pay those benefits. But for all new employees and those not currently vested, we can and should transition to a defined contribution system—like most private sector organizations in America.

The reason is simple—it guarantees that the state stays current in paying its bills and gives people the flexibility to freely move in and out of state employment instead of being trapped by our retirement system. State employees do important work and they deserve a fair and funded pension system. These reforms by the KPERS Commission do just that.

We are committed to a strong, effective safety net for our most vulnerable Kansans.

Medicaid spending continues to skyrocket, and it continues to place stress on funding for education, public safety, and other essential services. With additional funding cuts expected from the federal government, Kansas must transform Medicaid into a system that improves services while managing costs. Many states have made the choice to either kick people off Medicaid or pay doctors less. Neither of those choices provides better outcomes. Kansas has a better solution.

The Lt. Governor, Dr. Jeff Colyer, and our cabinet team, with input from legislators and more than 1,800 stakeholders, have produced a measured, innovative and compassionate proposal. Unlike the current one-size-fits-all system, we will offer all Kansans a choice of plans that best fit their needs.

Kansans with long-term disabilities will have an integrated care coordinator. Those with developmental disabilities can keep their case manager if they choose. Many disabled Kansans want to work, but are stuck in government programs that provide

neither respect nor independence. I propose Kansas be a national leader in helping the disabled find meaningful jobs. All Kansans should have the opportunity to pursue their dreams. With jobs providing an off ramp from Medicaid, we will be able to help those in need of services and reduce our waiting list.

For years Medicaid was spread among several cabinet agencies. This year we will continue to make government smaller and better focused by consolidating multiple agencies into a restructured Department of Aging and Disability Services. By running government more efficiently and effectively, we can save money and provide better service.

The people of Kansas know what's best for their kids. Parents know better than elected officials. Parents know better than federal bureaucrats. And parents know better than unelected judges. It is past time to get education dollars out of the courtroom and into the classroom.

My plan is straightforward—no district gets less state money, every district gets more flexibility. Let me repeat that—NO DISTRICT will see its state aid go down. I propose adding 45 million dollars in state funding for our poorest school districts.

I also propose to give local school boards more flexibility to spend that money in the way they want because the government closest to the people works best. Local districts should be allowed to invest in the excellence of their schools to the extent their voters believe is appropriate. As more districts make those investments, my plan establishes a mechanism which will protect poorer districts so that they too benefit.

Some people ask me why reform the school finance formula now? Why not kick the can down the road for another year? The fact is the lawsuit is scheduled for trial this summer. And the People elected us—not the courts—to run our schools.

This new school finance formula should be sunsetted after four years. Thus ending the cycle of litigation and beginning a cycle of legislation.

The honor of my professional life has been to serve the people of Kansas, first as their Secretary of Agriculture; later as a Congressman, a Senator and in Governor. A regret I have is that more has not been done to preserve the Ogallala Aquifer.

Almost since statehood, we have told Kansans with water rights they must “use-it-or-lose-it.” This has encouraged the overuse of water, particularly of the Ogallala.

I propose to repeal the “use-it-or-lose-it” doctrine of our water law. It is way past time we move from a development policy with our water to a conservation ethic. We have no future without water. This is altogether fitting and proper. For our government is not only a compact among those who are living, but a covenant with those who are yet to be.

Our great state is one hundred and fifty years old. Many have come before us and God willing many more will come after us.

I would like to recognize the first Kansans, our Native American Leaders who are with us tonight. From the Iowa Tribe - Chairman Tim Rhodd; Kickapoo Tribe - Chairman Steve Cadue; and from the Prairie Band Potawatomi Tribal - Council Treasurer, Noah Wahquahboshkuk.

Also joining us tonight is Guy Monroe, Chairman of the Kaw Nation, also known as the Kansa Indians, after whom our State, Kansas, is named And of course, this building is crowned with the statue of a Kansa Indian...shooting for the stars. Thank you for being with us tonight.

This last year we also celebrated some of our most Notable Kansans.

One of the most inspirational was Clyde Cessna—the man responsible as much as anyone for making Wichita The Air Capital of the World.

When we look at the achievements of great Kansans, it's easy to overlook the fact that even for them not every day was a successful day. They knew tears in their time, setbacks, and reversals. Clyde Cessna survived thirteen crashes before he achieved a successful aircraft design.

Kansas received some rough aviation news last week. We suffered a setback. But even in the face of that, we see hope. Yesterday, I was in Wichita to announce an agreement with Bombardier Learjet which will see that company expand its workforce in Wichita.

And we aren't done. There will be more.

Because, like Clyde Cessna, we're not going to quit. We're going to keep trying, keep innovating, keep growing. We're going to keep our faith in a loving God and a promising future...working together and praying together for a better Kansas.

I began tonight talking about my daughter's wedding. What a wonderful day. Seeing your child get married inspires a few tears and many emotions. For one, it makes you...feel...very...OLD. Or shall we say more mature. But it also reminds us of why we are here. That our season is short, the needs are great and people, particularly our children, are depending on us.

You as legislators sacrifice a great deal to be here. I appreciate that. The people of Kansas appreciate that. You leave your homes, businesses and communities to come here and serve the people. Thank you for what you do to make this a better state!

Together we will succeed...for we must.

Thank you. God bless you and may God continue to bless the People of Kansas.

State of Florida; Rick Scott; Jan. 10, 2012

My fellow Floridians, President Haridopolos, Speaker Cannon, members of the Florida Senate and Florida House of Representatives, Chief Justice Canady, members of the Florida Supreme Court, my fellow cabinet members, Attorney General Pam Bondi, Chief Financial Officer Jeff Atwater, Commissioner of Agriculture Adam Putnam, and Lieutenant Governor Jennifer Carroll, it is an honor to be with you all here today.

You know, I've always been a big believer in getting to work early, but this is the first time we've ever shown up for work two months early.

Please allow me to recognize my wife of 39 years, Ann, my daughter Allison, my son-in-law Pierre, and my 8-week-old grandson Auguste, who are all here with us today.

People always ask Ann and me why we ran for this job. Our answer is grounded in this one simple truth: We can never look at our children, Allison and Jordan, and now our grandchild, Auguste, without feeling our love for them. And we know this type of love also carries a duty.

That duty is to leave our children a better place than we inherited. Its the same duty that probably brought you to this chamber today, and its a duty that extends to all children of this state.

Like you, were willing to give our all to make Florida the best place to live and raise a family; a state where you can find a job, get a quality education for your children; a state where you can enjoy a low cost of living free of burdensome taxes and unnecessary government interference; a state where dreams become reality every day.

Last session, together we made the changes necessary to improve the opportunities for the citizens of our state.

Education, pension and Medicaid reforms coupled with government reorganization and deregulation have all helped to produce jobs, save taxpayer money, improve the education of our children and bring down the cost of living for all Floridians.

We worked together to accomplish all of this, and so if I haven't yet told you face-to-face, let me tell you now, on behalf of the citizens of Florida, thank you, thank you, thank you!

Like all of you, I love my work. I tell people everywhere I go, if you like people and you like making a difference, there's no better job than being the governor of Florida. I've been on the job a year now, and I have traveled all over the state. I've had the honor of meeting and listening to thousands of Floridians, and they've shared with me their joys and concerns.

You know what? It turns out we share the same joy and the same concern.

The joy is in living in this most special place; living in Florida. Its a place of sunshine, and beaches, and cities that pulse with energy and light. Its a place where clear rivers flow to blue oceans, and a place where bold people come to build their dreams. From our shores, we have launched men to the moon. And with this same brave spirit millions have come to plant their flag in Florida soil to build something new and better. I know I did. I know many of you here today have felt this joy, too.

But with that joy comes a nagging doubt. When I talk to Floridians, they worry that their best opportunities are behind them; that their children may never experience the security and prosperity they have known. They wonder whether the ringing proclamation of progress has been silenced; that the birthright of ever-greater promise and opportunity that we once saw as being within our reach may, instead, now be unattainable.

And it is understandable they would feel this doubt. Following a series of very productive and prosperous years, Floridians saw the unemployment rate begin to steadily climb in the fall of 2006. From a low of 3.3 percent that year it grew to a high of 12 percent in December 2010!

Floridians saw home values drop, wages decline, and jobs and opportunities fade away.

My fellow Floridians, I'm here today to tell you that promise and opportunity will return; in fact ARE returning even as we meet here today. While we have many miles to go, and some of them will be painful, our higher journey is already under way. This year and today we see the rebirth of an even greater Florida.

Don't just take my word for it. Look at the numbers.

In the past year, Floridians, not government, created almost 135,000 new private sector jobs. We netted more than 120,000 total jobs in the first 11 months of 2011; the third most of any state in the nation. In Florida, those new jobs produced the second largest drop in unemployment in the country.

When I said Lets get to work It wasn't just a slogan. Florida got to work, and each Floridian deserves the credit!

Also deserving credit are you, the legislators in this room. Last year you passed and I signed a budget we balanced without raising taxes or fees despite a revenue shortfall of nearly 4 billion dollars. We did this by making government lean and effective. Thank you for displaying this unprecedented courage and commitment.

The steps we have taken in the last year have made a positive difference in the lives of working Floridians. we need to continue to cut red tape, lower taxes, and bring growth to Florida.

In addition to jobs growing, just three weeks ago, the U.S. Census Bureau announced that despite a record low growth rate on the national level, Florida grew by more than a quarter million people in a 15-month period. That's amazing!

This makes us the third fastest growing state in the country and puts us within two years of passing the State of New York in population. This is a clear sign that the promise of Florida still burns bright.

And I should add, to all our friends in New York, come on down! As I stand here today, our temperature outdoors is about twice as high as yours, and your state tax burden per citizen is about twice as high as ours.

Think about it. The state of New York, which has just about the same population as Florida, has a budget roughly twice as large as ours.

You, the Legislature, all need to be commended for years of tough decisions, balancing our budget and delivering quality services, education and infrastructure to our citizens at half the price New Yorkers pay.

And for those of us already in Florida, what do these numbers tell us? They tell us the journey ahead is long and will continue to test us as a people. The decisions we make in the next few months will determine whether we continue to create a business climate that will provide new jobs and opportunities for Floridians; whether we fully recapture that spirit of human potential that is at the core of what it means to be a Floridian. I'm absolutely convinced that we will.

My friends, the state of our state will continue to improve.

And what are those decisions we need to make to ensure this happens?

There are many, so I'd like to focus on what I believe are the three most important jobs I have as your Governor:

One, ensuring that Floridians are able to gain employment, two, securing the right of every Floridian to a quality education, and three, keeping the cost of living low, so that the families and businesses that are in our state can prosper and grow, and the ones that aren't have even more reasons to get here soon.

When it comes to jobs, it's important to remind ourselves that private businesses create productive and enduring jobs, not government. What government gives to one person necessarily had to be taken from the pocket of someone else. There is something arrogant and overreaching in thinking we have the superior wisdom to micromanage the economy.

Having spent decades in business and now a year in government, I'm convinced more than ever that with few exceptions the best thing government can do is to

create a level playing field for all competitors and then get out of the way so they can compete. What we can do is to continue to put Florida companies in a position to out-compete companies in all other states and countries.

Small businesses provide most of our new jobs in Florida. I know this from my own experience. I started in business with a single doughnut shop, and before long I had two doughnut shops and many more employees. Two resources were critical in allowing me or any small business-- to create these new jobs: capital and time. Every doughnut I sold gave me more capital to hire more people and buy more equipment. Every minute I spent focused on the business resulted in our growth, and, more new jobs.

We have someone in the gallery today who also knows something about the potential of job creation in doughnut shops.

Rachel Waatti came to the united states 12 years ago, and has owned Nicolas Doughnuts in Tampa for the past year. Rachel hosted me at my first workday, and it was very successful we sold out; More than 240 dozen by 8:30 am.

Nicolas has been in business for 30 years, has two locations, and has been voted best doughnuts in town by the Tampa Tribune and one of the 24 best doughnuts in America by travel and leisure magazine. They have recently added cupcakes, and with a little help from my mom, they now sell a great apple fritter.

Rachel and her husband Luther are a great example of the hard work it takes to run a small business and just how our economy will grow. Thank you for being here.

Taxes and regulations. they are the great destroyers of capital and time for small businesses. Almost every dollar I earned as a shop owner went toward growing our little doughnut shops. So, every dollar taken in taxes slowed that growth. Almost every minute I had in the day also went toward growing our small business. So, every minute spent addressing some new regulation also slowed that growth. When growth slows in small businesses, what happens? New jobs are the first casualties.

This session, we need to lower burdensome taxes on small businesses and continue our mission of slashing red tape in Florida.

We must also improve the machinery by which government seeks to aid job creation. I've proposed greater accountability for our Workforce Boards so that tax money is not wasted and the purpose of those boards is fulfilled: to get people jobs.

I'm also asking you to require job training for those who are receiving unemployment checks.

Every challenge creates opportunity. And time in-between jobs gives unemployed Floridians the opportunity to learn new skills.

While lowering taxes and eliminating unnecessary regulations are critical, the bedrock of any sound, sustainable economy is an educated workforce well equipped to meet the challenges of an advanced global marketplace.

In my own life I've seen firsthand how education puts the American Dream within reach.

I grew up poor. As a kid I delivered newspapers for \$5 a week. When I wasn't delivering papers, I was selling TV guides for 4 cents profit a copy and flipping hamburgers for 85 cents an hour.

Today I stand before you privileged to be the Governor of the greatest state in the greatest nation. This is the American Dream; its a story re-told a thousand times with each successive generation; and the means by which it is accomplished is an effective and accountable system of education.

We can have great weather, beautiful beaches, and a wonderfully strategic location, but if Florida doesn't provide the intellectual talent to make our businesses competitive, we will become a footnote when this century's history is written. But, if we can continue to create a culture of excellence in our schools, Florida will merit a full chapter in that history that describes the reawakening of a mighty, prosperous nation.

We can do this.

And we begin to do this by building on the successes of last session when we increased school choices for Florida's parents. We also refocused an outdated tenure system into a system that can reward its best performers for excelling in educating our students.

As you know, none of this was particularly easy, but all of it was obviously necessary if were to give our children their chance to grasp the future. Thank you for your willingness to confront these issues.

I have spent the past two years traveling the state and listening to Floridians about their visions for the future. I would like to take a moment to recognize one of Florida's talented, hardworking educators who has taught me a great deal about the bright futures of our students and our state.

Heather Viniar is here with us today in the gallery. heather is a first year teacher in the rural farming community of Immokalee. I had the opportunity to meet her when I taught school for a day this fall. Heather is very committed to her students. she teaches American Government at Immokalee High School. Her classes reach all kinds of our students including honors, Advanced placement and English language learners every day.

And, just as all of us have hopes and dreams for the future, so do her students. The students I spoke to wanted to do everything from being a chef, to a teacher, to a vet, a hair dresser, a doctor, a lawyer, or to OWN a SMALL shop or store. Educators like Heather, these students and their dreams are what will drive the future prosperity of our state.

thank you, heather. Our future certainly is bright.

After traveling the state and listening to parents, teachers like Heather, and our students, I heard one thing very clearly, over and over. Floridians truly believe that support for education is the most significant thing we can do to ensure both short-term job growth and long-term economic prosperity for our state. And you know what? They are right!

That's why this session I ask you to continue your commitment to education to ensure that the difficult decisions we must make on the budget are focused on prioritizing the things we all know are essential to the future of our great state.

My recommended budget includes \$1 billion in new state funding for education, and I ask you to please consider that recommendation very carefully.

On this point, I just cannot budge.

I ask you again today to send me a budget that significantly increases state funding for education. This is the single most important decision we can make today for Florida's future.

But, our efforts on education cannot end here. Florida has a rich cultural history surrounding its colleges and universities. Don't take my word for it. Ask any anthropologist.

But we need to be realists about this. Somewhere out there today, there are government officials meeting in Brazil, or India, or China, and they're not debating about whether they should provide students with the pragmatic knowledge to seize a larger piece of the global economy. No, the only debate they are having is about how quickly they can become the dominant global players.

I look forward to working with you to closely look at our higher education system; to understand how we can ensure that in the future, job creators from around the world will have to look to Florida to find the talented and educated workforce they will need to compete in the 21st century.

It is also our duty to help ensure that in a time when our state is beginning to grow again, that we do not slow that growth by increasing the cost to live here. We can do this by building a leaner, more effective government: continuing to responsibly manage and reform our pension system; and cracking down on the fraud and abuse

that some people have brought to our auto insurance system.

Last year with your help we re-engineered the pension plan for Florida state workers so that the individuals who will share in its rewards also share in its funding. This will save taxpayers money and align governments practices with the private sector. But, despite a year of great returns, our pension plan remains billions of dollars underfunded. We need to continue to closely monitor our pension plan and ensure that it will not become a liability for Florida's taxpayers or those workers who rely on it.

This year we must also reform auto insurance to crack down on the fraud and abuse that has run rampant and is estimated to cost Floridians 900 million dollars. If we do not act, the Office of Insurance Regulation predicts that costs for consumers will continue to spiral out of control.

Our best estimates show a 30 percent increase in pure premium costs, year after year.

These costs are being driven up every day all around our state by scams that are ultimately paid for by Florida's working families. If we are going to be serious about keeping the cost of living low for Floridians, we must get tough on the fraud and abuse in the auto insurance system. It is the consumers in our state that we must protect, not trial lawyers or those involved in these schemes. Floridians cannot afford another year of this fraud and abuse or the cost that will come with it.

Let me pause to say that after a year in office I more than ever appreciate the sacrifice and dedication of all our law enforcement officers in Florida. Sometimes that sacrifice is ultimate. This year I had the sad and humbling experience of attending all ten funerals for our brave law enforcement officers who were killed in the line of duty.

At this time, I would also like to recognize Penny Mecklenburg. Penny is a 10th grade biology teacher, and an incredibly strong woman, whose husband was one of these brave officers.

Deputy John Mecklenburg of the Hernando County Sheriffs Office tragically died in a high speed chase in July. Penny, his loving wife, and the mother of their children, Andy who is 5 and Jessica who is 2, joins us today. Penny, we are all incredibly grateful to you and John for his service and sacrifice to keep our state safe.

Thank you very much for being here. God Bless you, and god bless your children.

Please allow me to express our gratitude to those that serve every day to protect our great state.

In closing, I want to thank you again for the consideration you have given me today

and the courtesy you extended to a new governor last year. Since redistricting has been added to an already-packed agenda in 2012, consideration and courtesy will command a special premium over the next several weeks.

Know that I'm open to any idea from whatever source that is likely to improve the lives of Floridians. Over the past year I've experienced the benefit of listening to Floridians, listening to you, and yes, even listening to my close friends in the media.

No person, profession or party has a monopoly on all the good ideas. The commitment I make to those here today is to keep open, clear lines of communication so that together our time in the Capitol can best be spent in the service of those who sent us here. That is my pledge to you.

My pledge to the people of Florida is to continue to give this job my all; to help build the framework for an enduring prosperity that is grounded in the intellect and ambition of our citizens.

While the Great Recession has taken much, its also revealed the strength and resilience that's deeply ingrained in the DNA of the industrious people who call Florida home. Other states have had their chance to show their mettle. This is our time.

Its our time to show the nation and the world that in this century Florida will be the safe haven for individuals to live their version of the American Dream.

None of us can do this alone. So, lets get to work...Together!

God bless you, and God bless the great State of Florida.

State of Georgia; Nathan Deal; Jan. 10, 2012

Lt. Governor, Mr. Speaker, President Pro Tem Williams, Speaker Pro Tem Jones, Members of the General Assembly, Constitutional Officers, Members of the Judiciary, my fellow Georgians:

In centuries long past ... in a world far removed from the one we know today ... the Age of Exploration captivated the minds of brave, young men. These individuals traveled through distant waters to identify the unknown, their will to explore outweighing the countless dangers, hardships and tragedies they faced. It is an age we now define by these names: Columbus, da Gama, Vespucci and Magellan.

These brave adventurers, with only primitive tools at their disposal, charted a course by looking to the stars for guidance. The nights were not always clear ... the waters not always friendly. For each man commanding a vessel on the high seas, there was always the temptation to give up and to turn back.

But we know these men today because they held steadfast to their course, leading them to discover new worlds and to expand the opportunities for mankind.

Georgians have charged us to set a course for our state and they have defined the stars that we must follow to expand opportunity: the star of education — we must provide great schools that will cultivate the minds of our young people ... the star of transportation — we must provide safe roads and avenues of commerce ... the star of security — we must give every Georgian the ability to live in a safe community ... and the guiding star in our constellation, jobs — we must create a business climate that provides Georgians with their best shot at a good job! These are the stars on which our eyes must be focused as we chart the course for our great state! Tonight, I will discuss our course forward, but first, I think we would be well served to look in the rearview mirror for just a moment. The situation we faced one year ago and the progress we've made bears our attention.

One year ago, I said "the state of our state is strong" ... "that we possess a unique set of strengths" ... but we also faced an unusual and historic collection of challenges. When we met on this occasion this past January, the Revenue Shortfall Reserve Fund, or the Rainy Day Fund as it is better known, had only enough money to fund state operations for less than two days ... meaning essential functions of government were at risk in the event of even the slightest hiccup. One year later, with your help, we have begun restoring the Rainy Day Fund. The balance today is \$328 million, an increase of 183%. I remain committed to building up this strategic reserve by keeping our spending in check.

When we met last year, we faced a difficult budget situation in which the low-hanging fruit and easy fixes were gone. And yet, we worked together to pass

structurally balanced budgets that fund the essential services upon which Georgians depend. And we did it without new taxes. We have delivered commonsense, conservative budgets free of gimmicks and one-time gains. For that reason, we are now one of only eight states with triple-A ratings from the three major rating agencies. When compared to our AA peers, this credential of creditworthiness saved Georgia taxpayers \$11 million over the life of bonds sold last year alone.

This also provides us with a powerful tool for economic development. When a business considers locating in Georgia, it helps to be able to show them that they will be partnering with a state government that has its house in order!

To that end, beginning this year, we will implement zero-based budgeting in 10% of all programs. Through zero-based budgeting, we will bring a new level of accountability to state government and verify that taxpayer dollars are being spent to meet the priorities of Georgians!

When we met last year, we faced a federal district court ruling that threatened to cut off up to 85% of Metro-Atlanta's water supply. This evening, with the benefit of an 11th Circuit Appeals Court ruling overturning that decision, we are in a far stronger position to reach a lasting agreement with our peers in Alabama and Florida on an issue of critical importance to Georgia's ability to attract investment and new jobs. One year ago, HOPE — arguably the nation's most generous merit-based, higher education scholarship and grant program — was on an unsustainable course and faced a complete depletion of reserves as early as FY 2013. This evening, we can claim a piece of legislation that preserves HOPE for future generations!

And for every student who earns HOPE, my budget for next year maintains the same award amount received this year.

Also, we will again appropriate \$20 million for the needs-based one percent student loan program which eases the burden of affording a college education. This year, more than half of these newly-appropriated funds went to students who had no assistance from their families.

Together, we've done something else over the past year. And while it is more general in nature, it is perhaps even more important to our ability to govern well and to the long-term prospects of our great state. Together, we have ushered in a new era of cooperation.

Last January, we were faced with a mountain ... Together, we climbed it. Thank you for your partnership and thank you for all that you do to serve Georgians! But this evening, as we embark on a new year, we have other mountains to climb that will require our best collective efforts this year and beyond.

Recalling the great explorers who looked to the night skies in their search for new lands, the first star in our constellation is education. Our schools are the front line in our effort to create prosperity. It is here we make our most strategic investment in the future!

The Amended and FY 2013 budgets I've prepared take advantage of the stabilization in revenues and appropriate an additional \$146.6 million to fully fund enrollment growth in our K-12 schools.

Likewise, in both the technical college and university systems, I am calling for an additional \$111.3 million to fund anticipated enrollment growth.

Also, in keeping with the recommendations of the Education Finance Study Commission, and because we believe they are vital ingredients of the educational experience we provide young Georgians, my budget calls for \$3.7 million in additional funds for school nurses!

This along with the school nutrition program and transportation funding will be moved into the Quality Basic Education funding formula. These funds will be allocated using the same formula local districts are accustomed to, but they will have complete flexibility in how to spend them. Better than me, or anyone else under this Gold Dome, I believe local school leaders know how to spend funds within their district in order to get the greatest outcomes for students!

My proposed budget calls for an additional \$55.8 million to fund salary increases for our teachers based on training and experience. Unlike the past, there are no reductions to QBE, Equalization Grants, State Schools or other enrollment driven programs.

Within education, I have called for a new focus on our youngest learners. The budget I'm proposing increases the Pre-K school year for 84,000 students by 10 days, bringing it to 170 days. I am proud to say that this will allow us to begin restoring Pre-K teacher salaries!

We must make a concerted effort to increase the percentage of children reading at grade level by the completion of 3rd Grade. The best evidence tells us that children not meeting this standard often fail to catch up and are more likely to drop out of school, go to prison and have higher unemployment rates later in life than their reading-proficient peers.

Students must "learn to read" in order to be able to "read to learn" and when we fail to invest in our youngest students, we are forced to spend money on remediation for the remainder of their academic careers. To this end, my budget includes \$1.6 million for a reading mentors program. This program will assist schools and teachers as they work to help more young Georgians achieve this strategic benchmark — reading at grade level by the completion of 3rd grade.

You've heard me talk about moving beyond the status quo in education and that requires a more intense focus on innovation in the classroom. In particular, we need to put in place strategies that provide students with opportunities to practice and apply what they are learning in a high-quality, real-world environment. This is one reason we allotted nearly \$20 million of our Race to the Top money for the creation of an Innovation Fund. This initiative asks schools to partner with businesses, non-profits and postsecondary institutions and places a primary focus on developing applied learning opportunities. We are already seeing positive results. Tomorrow, I will announce the winners of round two.

To spur innovation, I am also recommending \$8.7 million in supplemental grants in both the Amended budget and next year's budget for state chartered special schools affected by the Georgia Supreme Court ruling on charter schools. These schools are key to Georgia's educational success and without these additional dollars, they would be forced to operate on approximately half of the funds of other public schools.

However, this is not the long-term solution, and I look forward to working with you to ensure that charter schools can thrive in Georgia. We can do this and with your help we will!

Further, we must clarify the mission of our schools. Let me state this very clearly: I believe students graduating from our high schools ... those young men and women who have done everything asked of them by our K-12 system ... should be fully ready for postsecondary study or a job!

Going forward, we will reclaim that mission by ensuring that there is a more seamless transition from High School to further study ... and from postsecondary study to the workforce.

With our young people facing a difficult job market and stiff global competition for good jobs, we must do everything in our power to ensure that our education system provides graduates with real opportunity. Our postsecondary institutions must maintain an intense focus on employability and creating job opportunities. And in today's competitive global environment where technology is constantly reshaping the economy, that means abandoning the "ivory tower" model and adapting to meet the needs of business.

That focus on practical education is why I'm announcing Go Build Georgia this evening. Go Build is a public-private initiative that will round out our workforce development program by educating young people and the public at large about the skilled trades.

Already, the business community is unable to fill many positions calling for highly-skilled industrial and commercial construction professionals, jobs that on average pay 27% more than the average Georgian currently brings home. And with an aging workforce in this area, we are on track to replace only one of every four retirees. Today, in America, with more than 13 million people unemployed and seeking work, there are 1.3 million open positions in skilled trade industries for which companies are unable to find qualified applicants! Right here in Metro-Atlanta, Siemens has been unable to fill approximately 200 skilled-trade positions in the fields of manufacturing automation, healthcare technology, transportation systems and technical services. It is time we begin work to boost our pipeline!

We must work together to ensure that our state has the craft professionals to meet present and forecast demand. This is something we can do and with your help we will!

Here in Georgia, we are blessed with world-class university and technical college systems that provide opportunity to every young Georgian and provide business with a pipeline of talented workers. As we seek to continue improving higher education in this state, I want to commend Chancellor Hank Huckaby and the Board of Regents, along with Commissioner Ron Jackson and the Technical College Board, for performing a strategic consolidation of institutions. In this age of "doing more with less," you are delivering a better return on investment without compromising service to students.

Before leaving the topic of higher education, I want to announce two ambitious goals. Georgians deserve a world-class, public medical university, and it will be a priority of this administration to have a medical college among the top 50 nationally. This is something we can do and with your help we will!

Also within this push, the Georgia Health Sciences University will seek to become the state's second National Cancer Institute designated Cancer Center, alongside the Winship Cancer Center at Emory.

As of today, Georgia's annual death rate from cancer exceeds the national average, but I believe we have all of the ingredients necessary to be a destination for cancer research and a resource for every family battling this disease.

This designation would mean greater access to research dollars and enhance our ability to recruit top cancer specialists. Even more, it will place Georgians battling this horrific disease first in line for the newest, most promising therapies and clinical trials.

To support this goal of a second Georgia-based Cancer Center, my budget proposal includes an investment of \$5 million. This is something we can do and with your help we will!

In order to address the need for additional health professionals in Georgia, we have been investing in the expansion of undergraduate medical education for several years. We must now take the next step in this process by increasing the number of graduate residency slots.

My budget funds 400 new residency slots in hospitals across the state. Presently, because we lack adequate residency program capacity, Georgia taxpayers help fund a promising young Georgian's pre-K, K-12, postsecondary and graduate-level medical education only to see them perform their residency outside of our state and not return. That doesn't provide value for Georgians paying taxes. It doesn't make sense for Georgians needing care and it isn't fair to young Georgians looking to begin medical careers. We must ensure that no doctor trained in Georgia is forced to leave the state to complete his or her medical education. This is something we can do and with your help we will!

Another primary responsibility of government is providing infrastructure — and because it is a key building block of job creation, it is a star that will guide our course forward. In a global economy in which commerce is increasingly long distance and reliant on cutting-edge logistics, we need a bigger, smarter transportation network to move people and products in the most efficient way possible. That means roads on which traffic and freight move freely, ports that handle bigger ships, and airports that process people and packages more efficiently. To reduce traffic congestion in Metro-Atlanta along Georgia 400, we will be working with the DOT to implement innovative traffic solutions. We will modify the existing southbound lanes from McFarland Road to the Chattahoochee River, allowing an additional southbound through lane. From the Chattahoochee River to I-285, we will implement flex shoulders in each direction.

These improvements will allow us to better facilitate traffic during peak rush hours, accommodating the explosive growth the Northern suburbs have experienced.

Recently, we called a halt to the P-3 project for the Northwest Corridor. While there were many reasons for doing so, one of the most important ones is that I was, am, and will be opposed to contracting away Georgia's sovereignty for a period of 60 to 70 years over a transportation corridor that is so vital to our future. I remain committed to improving the Northwest Corridor but there is a better way forward.

Investment in transportation infrastructure is an investment in our future. I applaud this Legislature's creation of a transparent, bottom-up approach to identifying critical transportation projects throughout Georgia. The regional referendums on this year's ballots give voters the opportunity to fund a slate of projects with a sales tax when they deem the proposed investment provides value. Over the last several decades, our capacity has fallen behind due to underinvestment in transportation. We must seize this opportunity to invest in our future! We can do this and with your help we will!

We are continuing to work towards the completion of the Savannah Harbor Expansion Project — a project that is imperative to our state's competitiveness when the bigger ships start traversing an enlarged Panama Canal in 2014.

My budget for next year includes \$46.7 million in bonds to continue deepening the harbor, building on the more than \$136 million already approved for harbor deepening over the last three years.

Also within infrastructure, we are working to ensure every Georgia community has dependable water supplies. While we await the Army Corps of Engineers decision regarding the impact of water diversions from Lake Lanier, we are moving forward with plans to enhance water supply and security around the state.

Last year, we took definitive action to get the ball rolling. My budget for next year proposes \$45.7 million for water supply projects, the second installment in a four-year plan calling for \$300 million of new investment in water supply. Today, the Georgia Environmental Finance Authority has issued the solicitation and application forms for the Water Supply Program and local governments can now apply for the low-interest loans and state direct investment as detailed in the recently-approved Water Supply Plan.

I want to commend our Water Task Force for creating a thorough, forward-looking plan that makes sense for Georgia communities, big and small.

With our state's population projected to grow by an additional 4.6 million people over the next two decades, it is imperative that we expand water supply across the state. We must stop being so dependent on the federal government for our water. We must seize our own destiny! This is something we can do and with your help we will!

This evening, I have talked about the our duty as elected officials to do the long-term work of ensuring our state charts a course forward that leads to a rich environment of opportunity for every Georgian.

When those traditional building blocks fail, more and more citizens drift into the criminal justice arena. And here in Georgia, entrance into our criminal justice system has been a dead end for far too many.

Last year, faced with one of the most incarcerated populations in the nation, low rehabilitation rates and high recidivism; you joined me in passing legislation to create the Criminal Justice Reform Council. Since that time, the Council has taken a comprehensive look at what changes are needed to increase the effectiveness of our correctional efforts.

I want to commend the Council for the work they have done and my budget recommendations reflect their findings. To start, my budget proposes \$1.4 million to fund additional parole officers at the State Board of Pardons and Paroles. These officers will provide supervision to offenders who would otherwise serve their sentence and be released in our communities without any supervision.

Unless we provide the appropriate tools of supervision that facilitate a successful reentry into society, history has shown that offenders simply return to the prison population. Right now in Georgia, nearly one in three leaving our prisons are reconvicted within three years.

We must shut the revolving door! This is something we can do and with your help we will!

I am also recommending \$35.2 million for additional prison beds for those who pose a threat to our citizens. I am proposing to convert three Pre-Release Centers to Residential Substance Abuse Treatment centers, at a cost of \$5.7 million. We must make this investment ... If we fail to treat the addict's drug addiction; we haven't taken the first step in breaking the cycle of crime ... a cycle that destroys lives and wastes taxpayer resources! This is something we can do and with your help we will!

Because we are seeing an increased need for resources to work with violent youth offenders within our Juvenile Justice system, my budget includes funding to open a new Youth Detention Center, as well as funding for two security management and response teams.

I am also recommending \$10 million in next year's budget for the creation of new Accountability Courts — drug, DUI, mental health and veteran courts — all of which have proven to be both cheaper and more effective than traditional courts for those lower risk offenders falling under their jurisdiction. In fact, drug courts around this nation have proven to reduce recidivism by as much as 35%.

This evening, I want to tell you about a typical case that finds its way into a drug court. Sarah was a drug addict. The drug use that began as recreation resulted in a destructive cocaine and methamphetamine addiction. It took control of her life. At one point, she had no means of transportation ... she lost custody of her little girl ... she wound up homeless.

But I mention Sarah tonight because she exemplifies many of the goals we hold for our corrections system. Under the supervision of a drug court, piece by piece, she began rebuilding her life. With help, she beat addiction ... she won back her daughter ... she is now a sponsor helping other women who face the same trials ... and because she provides a powerful example of hope and redemption, I have asked her to join us in this chamber tonight.

Sarah and her daughter are here and I would be honored if you would give her a round of applause!

Sarah was given a shot at a better life and she took it. Her story is not the exception ... it is playing out all across Georgia as people reclaim their lives through the work of accountability courts.

While these reforms require an initial investment, they will increase public safety, and ultimately save money by creating a more effective corrections system that rehabilitates people, closing the revolving door.

If we lock up an eighteen-year-old who has no skills and is unemployable; where will that individual be after completing a 15-year stint behind bars? Without a new approach that brings hope back into the equation, we will have spent \$270,000 and then have a 33-year-old with no skills who is more dangerous and even less employable than before. We can do better and with your help we will!

That is why we must focus on transforming our corrections system into a last resort of opportunity — a place where low-level offenders are reclaimed and restored to society as functioning members of the community ... working to support their own families ... and paying taxes!

This evening, I am calling on the religious community, non-profits and charitable organizations to begin addressing the problem of reentry. We need you and the people around this state who care to lead bold new efforts in job training and job placement for prisoners reentering society. You can provide the bridge that will connect those who have served their time with a job and the dignity it provides! If they will do their part, and many of them will, we must do our part.

Let me be clear so that there is no misinterpretation — this is not a get out of jail free card. These reforms do not in any way diminish the seriousness of the seven deadly sins. If you commit one of these, you will spend time in our prisons. In fact, this transformation of our corrections efforts will ensure that we have the space and resources to incarcerate high-risk and violent offenders going forward.

First and foremost, the greatest need of our citizens is jobs and, for that reason, it is the last and brightest star in our constellation. Businesses require a talented workforce and strong infrastructure, but they also require a business environment that allows them to compete in today's global marketplace.

With that in mind, the Georgia Competitiveness Initiative pulled together business leaders and more than 4,000 Georgians across the state to develop a strategy that would improve our business case. And this morning, at the annual Eggs & Issues Breakfast, I outlined a three-part plan for strategic tax reform based on the work of the Initiative.

First, I am proposing the elimination of the sales tax on energy used in manufacturing, a move that will align us with many of our top competitors. This will have a dramatic impact on manufacturers' overall cost structure and vastly improve the competitive position of our producers.

Secondly, I am proposing sales and use tax exemptions for construction materials used in projects of regional significance, giving us an important tool when competing with other states for projects creating large numbers of jobs.

A third piece, we are proposing to restructure Georgia's Job Tax Credits and Quality Jobs Tax Credit programs. The programs now in place was created in 1994, at a time when the competitive landscape was far different than the one our businesses operate in today. We will modernize our job tax credits to better incentivize small business growth and to help every Georgia community compete with their regional peers.

My office is already working with House and Senate leadership to create legislation to this effect.

Georgians cannot compete for jobs that go elsewhere when employers make the decision that a neighboring state is a better place to do business. The job creators across this state have spoken and I ask all of you to join me in making these important changes. This is something we can do and with your help we will!

With a sluggish global economy we still face challenges, but we are beginning to see indications that things are stabilizing. Georgia's revenues trends have strengthened over the last 18 months and with sustained growth of this order, I believe real job creation is much closer than it was when we met on this occasion one year ago. Ladies and gentleman, the state of our state is strong!

In keeping with our mission to chart a course that fulfills the priorities of Georgians, we will follow these stars: providing strong, innovative schools geared for the modern marketplace ... providing practical tools for workforce development ... providing a modern infrastructure that moves people and products efficiently ... providing safe communities ... creating a business-friendly environment that attracts investment and puts Georgians in the best possible position to get a good job.

And when we have fulfilled these imperatives — which are the legitimate purposes of government — let us heed the admonition of Georgians who have asked us to do these few things well, and then to get out of the way so that they can live their lives in freedom and as they see fit!

If we do this, hardworking, self-reliant Georgians will propel our state into a prosperous future!

Thank you, and may God continue to bless this great state and our nation!

State of Indiana; Mitch Daniels; Jan. 10, 2012

Members of the General Assembly, honored guests, fellow citizens. For an eighth time, and the final time, you afford me the unrivaled privilege of this podium. As it's my last such chance to express my appreciation for the public service you each perform, and to Hoosiers for hiring me twice so I could try to perform my own, I'll start with a heartfelt thank you.

But the time for reminiscing will come later, much later. Tonight, and all nights in today's Indiana, must be about the future, where we are and where we are going.

A reporter asked recently, "What keeps you up at night?" I replied that I generally sleep well, but if I ever do have trouble, I don't have to count sheep. I count all the states I'm glad I'm not the governor of.

Around the time I first took office, a radio caller expressed a fairly common sentiment. He said "I like what you say you stand for, but Republicans, Democrats, nothing ever changes. Nothing's ever different." I recall responding, "Sir, I'm careful not to promise what I'm not sure can be delivered. But I'll promise you one thing. In a few years, you may disagree with decisions we've made, or actions we've taken. But you will not think nothing's different."

I'm pretty sure that good man would agree tonight that things are very different in Indiana now. Then, we were broke and other states were flush. Tonight, while states elsewhere twist in financial agony, Indiana has an honestly balanced budget, a strong, protective reserve in our state savings account, and the first AAA credit rating in state history, one of just a handful left in America. Our credit is better – imagine this – than that of the federal government.

Another host of states raised taxes again last year, while Hoosiers are taxed at the lowest levels in a long time, thanks in part to the lowest property taxes in the nation.

While other state governments stiff their vendors, close parks, delay tax refunds, and ignore unacceptably poor service levels, Indiana state employees are setting national standards for efficiency.

Tonight, Hoosiers are served by provably the most productive government workers anywhere. Indiana has the fewest state employees per capita in the country, the fewest we've had since 1975. And yet our parks have never been in better shape, your tax refund comes back twice as quickly as it used to, and the average customer got in and out of a license branch last month in less than 14 minutes.

I'm not the only one to notice. In a national survey last summer, 77 percent of Hoosiers described their state government as "efficient," far above most states and the second-highest rating in the nation.

Uniquely in public sector America, Indiana now pays state workers on a performance basis, so those doing the best job are properly rewarded for their superior efforts. But I know that the reward they value as much as money is simple recognition from the citizens they serve, and I hope you'll show them right now that you value them and their hard work as much as I do.

Careful stewardship of the taxpayer's dollar, and ceaseless efforts to improve public services, are matters of duty, and basic good government. But they are not the fundamental goals of public life. They are just means to the real goal, which is to make of our state a place of opportunity, and upward mobility, and a better standard of living. A place where young people, and people not so young, know that they can start with nothing and make a good life. From our administration's first day, this has been the central objective around which everything else was organized.

We have worked relentlessly to move Indiana up the list of great places to do business. We set out to build the best sandbox in America, a place where men and women of enterprise knew that, if they risked a buck on their idea or their dream, they would have the best possible chance to get it back, with something left over they could use to hire the next Hoosier.

We have made steady progress, coming from nowhere to the top tier in every ranking: No. 6 according to the nation's site selectors, No. 6 according to CEO Magazine, No. 5 according to real estate decision makers.

But it isn't nearly enough. It was our ironic bad luck to create a top economic climate just as the nation plunged into its worst modern recession, and business investment slowed to a crawl: we became the prettiest girl in school the year they called off the prom.

Despite these headwinds, our recently strong state revenues show that something positive is happening to Hoosier incomes. In 2010, the most recent data we have, Indiana incomes grew at the eighth fastest rate in the country.

Here's another encouraging sign: more people are moving into Indiana than moving out. Our population is growing at the fastest rate from Iowa to Maine. Maybe best of all, thousands more college graduates moved into our state last year than moved out. There is no better indicator of economic promise in today's world than success at attracting top talent, and we are.

We are not where we want to be, nowhere close. But with a welcoming business climate, enormous investments in new public infrastructure, and a stable fiscal picture, we are poised for more progress, and better days.

Beyond the statistics lies a more basic difference in the Indiana of today: we are now, indisputably, seen as a leader. In hundreds of articles about fiscal prudence, economics, transportation, corrections, child protection, we are cited constantly

now as an example for others to examine. From Cleveland: "Ohio should follow Indiana's lead and dive in." From Detroit: "Indiana has many of the answers...as seen in Indiana it certainly is possible." From North Carolina: "Fortunately, there's no need to speculate about how a state might proceed...Indiana has already done it." It's more than words. We now experience the sincerest flattery all the time: our Economic Development Corporation has been copied by Ohio, Wisconsin, Michigan, Iowa among others; our corrections programs by Oregon; our employee health care by Oklahoma, Missouri, and Florida; our performance-based personnel policies by Tennessee and Wyoming; our air quality modeling and permitting by Kentucky and South Carolina; our online university, WGU Indiana, by Texas and Washington. And, at every governors meeting, someone says "If only we could pull off a deal half as good as Indiana did with its Toll Road."

The latest realm in which Indiana is now a leader is perhaps the most important. From coast to coast, others are praising our reforms of public education. One national magazine wrote that Indiana has gone "from the backwaters of education reform in America to the front." The Fordham Institute said "No one has been more successful in providing a comprehensive reform plan for a system that is failing America's children." And then there's this, from even further away: the Daily Telegraph of London wrote that in education, "England would do well to follow Indiana's lead."

The days when education debates started and stopped at dollar signs are over, and high time. From President Obama down, everyone now recognizes that leaders in education are defined not by what they put in but by what they get out. But just for the record, and despite frequent misrepresentations to the contrary, Indiana is a leader in what we put in.

With this year's spending increases, plus the additional funds we requested for full day kindergarten, K-12 spending is now 56 percent of the entire state budget, the highest percentage of any state in the nation. No state anywhere devotes more of its state funds to education.

But that's not why others are following Indiana. It's our new commitment to rewarding the best teachers, liberating principals and superintendents, and providing low- and middle-income parents the same choices as their wealthier neighbors; that's what has caught the world's attention. And this year, when we end the cruel, defeatist practice of passing children who cannot read into fourth grade, and when our most diligent students begin to graduate from high school in 11 years, and get a head start on college costs with the dollars they earned through their hard work, others will take notice of Indiana yet again.

There are few subjects more studied, or more intriguing, than leadership. Leaders come in many forms and often from unexpected directions. But some qualities are common among them, and one is that leaders never loaf. They never slip into complacency, settle for things as they are, or stop pursuing innovation and

excellence of result. If they do, leadership will pass, and new leaders surpass. Leaders who loaf aren't leaders for long.

Along with all the accolades, Indiana now bears this burden of leadership, the duty to keep pressing ahead.

This administration will not loaf. We have made out a long list of self-assignments for our eighth and final year. Our Economic Development Corporation captured a record 219 new jobs transactions in 2011; we have raised the bar to 250 for the year ahead.

We will press hard to accelerate further the ahead-of-schedule, under-budget delivery of our Major Moves transportation program. In 2012, we will invest \$1.2 billion in road and bridge construction, the sixth straight record-setting year.

The last contract on the Hoosier Heartland Corridor will be let next summer and the entire project finished by 2013. The last contracts on U.S. 31 from South Bend through Kokomo will be let this year, and we have accelerated completion of the entire corridor into 2015. I-69 will be open for traffic from Evansville to Crane, as will the entire Fort to Port highway in Northeast Indiana. The Sherman-Minton Bridge will be rebuilt and reopened by March and, upriver, an agreement on a new bridge from Utica to Louisville will be in place, cementing Indiana's place at the forefront of the public-private partnership movement.

We will build the state's 3,000th mile of bike and hiking trails, and reach our goal of a trail within 15 minutes of every Hoosier.

Unknown to most citizens, the air and water of Indiana is now the cleanest in living memory. In 2011, every Indiana community met all national air quality standards for the first time in the history of the Clean Air Act.

Last year, we wiped out the last of a 550-case backlog of old, and therefore less strict, environmental permits, and are now the only state completely current. Our goal for 2012 is to maintain this status and, if national limits are lowered yet again, to find a way to meet those standards, too.

We will complete our successful overhaul of what was once America's worst welfare system when, in February, the 10th and final region is converted to our reformed, public-private system. Backlogs have been slashed by 80 percent, timeliness and accuracy have soared above national averages, and last October the program earned a cash bonus and an award for most improved in the nation. We have set high targets for continued improvement in 2012.

The same is true of our campaign to conserve Indiana's natural heritage. The last seven years have seen new records for protection of wetlands and habitats, 50,000 acres by the end of this year, highlighted by the largest such project ever at Goose

Pond. In 2011, we launched new waterways conservation projects the size of three Goose Ponds in the Muscatatuck Bottoms, and five Goose Ponds along the Wabash Corridor. Before long, Hoosiers will be able to travel over 100 miles down our state's signature river and never leave a protected wetlands.

Our coming Bicentennial gives us an ideal opportunity to extend this historic era of reverence for the beauty God bestowed on Indiana. I have appointed a commission of a dozen illustrious citizens, led by my partner Becky Skillman, and by the legendary Congressman Lee Hamilton, to guide the great celebrations to come.

As a first initiative, I have asked them to oversee a Bicentennial Nature Trust, a statewide project to protect still more of our most precious natural spaces. On our 100th birthday, Indiana launched its state park system. A statewide conservation initiative is a fitting sequel and bequest from our second century to our third.

We have identified state funding, within existing resources, of \$20 million, but that must be just a beginning. The Trust is intended to inspire others, and to match their donations of land or dollars in a continuing statewide surge of conservation. The Commission joins me in challenging citizens, businesses, and in particular our unique network of county community foundations, to identify and fund local projects that will safeguard places of beauty for future generations.

In this Assembly, you too must set big goals. We should, at long last, enact a law to protect workers and patrons across Indiana from the hazards of second-hand smoke. Public support has grown, and so has the evidence of health risk to workers. It is time to move this long-sought objective to the finish line.

We should – no, we must – strengthen our laws against the horrid practice of human trafficking, and we must do it in time for the Super Bowl, the kind of event at which the exploitation of young women is rampant in the absence of such a tough law.

We should assist students with the cost of higher education by empowering our Higher Ed Commission to limit the “credit creep” which unduly increases both time to graduation and student expense. Undoubtedly, some degrees will continue to justify more than the traditional 120 credit hours. But schools requiring 126 hours for a degree in sociology, or 138 hours in special education, or 141 hours in music education, should have to explain why all that time and student expense is necessary, especially when other colleges offer high quality programs in less time and cost.

We should deepen the state's response to the terrible tragedy that befell so many at last summer's Indiana State Fair. A catastrophe so singular merits unique treatment, and I hope you will augment the amounts already provided the victims and their families by the state and private donors.

And we should trust the people of Central Indiana with the decision whether to raise

local dollars for mass transit if they believe it crucial to their future quality of life.

Within weeks, one of the great public careers, and perhaps the greatest judicial career, our state has known will come to a close. Chief Justice Randy Shepard, let tonight be one of many occasions on which a grateful and fortunate state thanks you for a quarter century of fairness, firmness, and farsightedness on our highest bench.

Part of Justice Shepard's legacy will be the landmark report that he and former Governor Joe Kernan co-authored, proposing overdue modernization of our pioneer days structures of local government. One way to honor this great public servant will be to advance more of the sensible and needed reforms set forth by the Kernan-Shepard Commission. I ask this Assembly to do so, on their own merits but also in recognition of this historic public servant.

Because economic opportunity, and building America's best home for jobs, is the central goal of all we do, every year should include a bold stroke to enhance it. This year, the choice of actions has become obvious.

In survey after survey, by margins of 2 to 1 or more, Hoosiers support the principle known as Right to Work. After a year of studying the proposal, I agree.

The idea, that no worker should be forced to pay union dues as a condition of keeping a job, is simple, and just. But the benefits in new jobs would be large: a third or more of growing or relocating businesses will not consider a state that does not provide workers this protection.

Almost half our fellow states have right to work laws. As a group, they are adding jobs faster, growing worker income faster, and enjoying lower unemployment rates than those of us without a law. In those ratings of business attractiveness I mentioned, the only states ahead of us are right to work states.

What every economic development expert has testified to, we have learned from firsthand experience: over seven years and well over a thousand job competitions, we have found that, when Indiana gets a chance to compete, we win two out of three times. But too often we never get a chance, because a right to work law is a requirement. Especially in this poor national economy, a state needs every edge it can get.

Everyone knows that, among the minority favoring the status quo, passion on this issue is strong, and I respect that. I did not come lightly, or quickly, to the stance I take now. If this proposal limited in any way the right to organize, I would not support it. But we just cannot go on missing out on the middle class jobs our state needs, just because of this one issue.

For the sake of those without jobs, and those young people just beginning the ascent of life's ladder, I ask you to remove this obstacle and make Indiana the 23rd state to

protect the right to work.

I have a new prized possession. It is a letter, written to his parents by a young clerk named A.B. Carpenter, on February 12, 1861. Amid updates about haircuts, colds, and headaches, young Mr. Carpenter reported the following: "There is...considerable excitement concerning a couple of legislators who went to Kentucky to fight a duel. Mr. Heffern, a Democrat, slandered and abused Mr. Moody, a Republican in a speech and Moody challenged him. He accepted and choosed bowie knives. They went to Kentucky last Friday night and have not been heard from since."

And we think we have disagreements! When we do, I hope we'll keep them not only in state, but also in this Chamber, where the people's business is supposed to be settled.

Mr. Carpenter's letter wasn't mainly about duels or haircuts. He wrote it because he had gone to see the newly-elected President, Abraham Lincoln, who had spent that day, his 52nd birthday, in Indianapolis. Young Carpenter described Lincoln's arrival at Lafayette Road, the procession down Washington, Pennsylvania, Ohio and Illinois Streets to the Bates House hotel.

Seeing the new President filled Carpenter with hope, he said, that "(S)oon our government will be remodeled." I like the term. These measures I have mentioned are part of our continuing remodeling project.

In three weeks, the entire world will fix its eyes on this city, and our state. It should be a magic moment, I hope a matter of pride to every Hoosier everywhere.

But the Super Bowl didn't get here overnight. Indy's selection followed decades of constant striving, and building, and reforms to make our capital the vibrant, livable model city it has now become. No one leader, or group of leaders, made it happen. The work was passed from hand to hand, administration to administration, generation to generation, and in no era did the people of Indianapolis rest, or settle, or loaf. So it will have to be with the construction of the great Indiana we are determined to achieve.

I carried here from its place on my desk an atomic clock, given me by a friend who served a sister state as governor with great distinction. It sits directly in front of me each day, counting down the days, hours, minutes, and seconds until I turn over these duties and return to private life. It is there to remind me to use every moment as well as I can to make Indiana a place of greater promise and prosperity. Silently, it challenges me to search each day for the next improvement, the next efficiency, the next breakthrough, the next stroke of Indiana leadership.

Yes, these nights are about the future, but I do look back at past speeches, if only to avoid repeating myself. In one, I recounted telling an East Coast CEO who wondered what Indiana was known for that one day he wouldn't have to ask. Tonight, he

doesn't.

In another, I said I hoped we would become bolder in our embrace of change, take our motto from the inspiring athletes of the Special Olympics, and be a braver state. Tonight, we are.

In the very first of these meetings, I invited you and every Hoosier listening to join us in rejecting mediocrity, demanding excellence, aiming higher. Tonight, we do.

In a column titled "Indiana promises a better future," a young graduate student, a lifelong resident of a neighboring state, wrote to the Indianapolis Star that she had made a critical life decision. She would take her new degree and move to Indiana. She cited our "fiscally responsible choices," our "economic integrity," our avoidance of the "out-of-control spending we see in so many other states." She concluded by predicting that more talented young people would make "that short drive down I-69 to a more promising future."

That is the state we have dreamed of. A state that magnetizes people of talent, and the risk-taking capital that seeks to employ them. A state of growth. A state of hope. A state of promising futures.

We are not yet fully that state. But we are so much closer to it. We have leapfrogged other places, passed more competitors than Tony Stewart at Homestead. We are certainly, irrefutably, different.

Until it became real, I never imagined that, for eight fulfilling years, I would be given the chance to help make Indiana different. On the night it became real, I resolved to use every day, take every action, make every change that might make our state a place of promising futures.

I now have 369 days, __hours, __minutes, and __seconds left as the people's employee. I pledge to use every one of them, as wisely as I can, in the service of those who sent us to this chamber. I ask you to do likewise, to be the kind of leaders the new leadership state of Indiana now expects us to be.

God bless this Assembly and this great state.

State of Maine; Paul LePage; Jan. 24, 2012

President Raye, Speaker Nutting, Chief Justice Saufley, members of the 125th Legislature, distinguished guests, and my fellow citizens.

I am here tonight to update the Legislature on the condition of our great state. However, before I begin, I want to recognize and thank a few people.

First and foremost, I want to thank my wife Ann, and family who have been so supportive, I appreciate all you have done and continue to do.

Master Sergeant Chad E. Smith, the Military Herald this evening, thank you for your courageous service to our great state and nation.

I would also like to recognize and thank Major Mark Stevens. Next month Major Stevens will be leading his soldiers to Kuwait in support of Operation Enduring Freedom, for their 3rd deployment in the Middle East in support of this great country.

Not only is Major Mark Stevens the commander of the unit, but he is also the marketing manager of a business in Southern Maine. Major Stevens is a true citizen soldier. Major, thank you for your service, we wish you and your unit God speed.

I am pleased to report that in the last year, we have taken a right turn on the road to economic recovery.

In a bipartisan effort we passed the largest tax cut in state history for hardworking, Maine taxpayers. Not only did we cut the top rate for individuals; we are supporting working low income Maine people by ensuring seventy thousand Maine families will no longer pay state income tax, until they earn higher incomes. That is a real helping hand to put them on the road to self-sufficiency and prosperity.

Some claim our tax cuts are tax cuts for the rich. In Maine the top income tax rate kicks in at an income of under \$20,000 dollars per person.

Let me tell you this, no matter what anybody says - \$20,000 dollars is not rich.

Two thirds of Maine's hardworking taxpayers will receive tax relief next year. Maine families will have more money for heating oil, for groceries, and gas for their vehicle. This was not an easy task. I thank the Legislature for their efforts in focusing on making our state a more prosperous home for all Mainers, and for helping us put Maine people before politics.

Just one year ago my administration faced a \$4.1 billion dollar shortfall in the pension system. Together, we eliminated over \$1.7 billion dollars of pension debt on the books, 45% of the existing pension shortfall, while protecting retirees' future pensions through sensible reforms. You can't pay a pension with an I.O.U.

In other areas, Maine state government has a new attitude. With the leadership of Senator Garrett Mason, Maine became the 41st state in the union to adopt charter school legislation.

In addition to passing charter school legislation, my last budget increased general purpose aid to K-12 education by \$63 million.

As promised throughout my campaign, a 5-year cap was placed on welfare benefits.

Workers' compensation insurance premiums are down 7%. Unemployment is also down, and lower than the national average.

Maine's Department of Transportation under the superb leadership of Commissioner David Bernhardt saved more than \$100 million dollars, without sacrificing our infrastructure improvements.

Red tape was reduced. We are not here to tell Maine job creators what they can't do; we are here to help them find out what they can do.

Providing superior customer service to all Mainers is the first job of state government. We are changing the culture of state agencies from "NO" to "CAN DO." Together, these things add up to one reality: Maine is Open for Business.

And the word is getting out.

During 2011, we heard from dozens of businesses who have pledged investments in Maine totaling \$100 million dollars, with plans to create over 1,000 new, good paying jobs. In this last year, we have not only reopened businesses, but have brought back American jobs from overseas. The restarting of Great Northern Paper in Millinocket shows how persistence and working hard to reduce red tape and regulation can pay off. What was a recently shuttered business, is now a blossoming employer again.

Another example is Carbonite in Lewiston. Carbonite recently relocated its customer service operations from India to Lewiston. According to Carbonite CEO, David Friend, our efforts to accelerate the regulatory process in Maine were a primary reason they were able to bring 150 jobs to the Lewiston / Auburn area.

Even as we mark some success, we continue to face ongoing fiscal challenges.

When I took office on January 5, 2011, I found that two distinct fiscal issues clearly threatened our state's future financial stability – first was the pension fund liability, which we addressed, second was unsustainable welfare spending.

My administration did not create this problem and did not invent it. Many of you did

not create this problem, nor did you invent it. This problem does exist! Regardless of who is responsible, we must fix it.

I want to thank Commissioner Mayhew for her leadership and grace dealing with this difficult challenge. Today, we must confront the \$221 million dollar budget shortfall within the Department of Health and Human Services that is fueled by overly generous welfare programs that we cannot afford.

Over the last decade, Maine's welfare program has grown by over a billion dollars. We have encouraged people to rely on the taxpayers, rather than rely on themselves. Year after year, state government has used one-time federal funding, accounting gimmicks, misuse of funds and not paying hospitals to feed this beast.

We are now forced to make tough, but necessary decisions. Many of these tough choices were proposed last spring. Here we are again, and if we kick the can this time, I guarantee we'll be back next year because the problem keeps on growing.

This is not political rhetoric. We must stop promising people a free lunch when those working in Maine are earning below the national average. It is unfair to promise people they can get things for free when the resulting bills are not being paid.

Now, we, as elected officials, must decide how to protect the most vulnerable among us. My administration has made a commitment to save Maine's safety net.

But saving it means we must restructure our welfare programs and reduce total spending. We also must begin to reestablish core priorities for our welfare program. If we don't, the system will fail everyone.

My plan stabilizes the safety net for Maine's most vulnerable and preserves benefits for over 285,000 Mainers.

As a state, we must move closer to the national average in terms of our welfare programs. My plan protects benefits for over 285,000 Maine people – a number that would still have Maine 15% above, but closer to, the national average. As you all know, I have a unique understanding of what it means to need help.

We cannot be all things to all people. Maine's welfare program as it stands today will run out of money in early April, and all services will be lost. The clock is ticking and we must act quickly.

I encourage the Legislature to act now to move this supplemental budget forward to save our system.

If you look to our neighbors in New Hampshire, you will find that the annual median household income is \$60,734. In Massachusetts, it is \$64,057. Here in Maine, our annual median household income is \$45,708 – 18% below the national average.

It is sad. Really sad. This is one of the single greatest issues that affects families in Maine, and we should be ashamed that our state is in this position. So I ask all of you, where is the outrage? Why should many Mainers live in poverty while our neighbors who live on the other side of lines drawn on a map earn a far better income and lead much more prosperous lives?

My friends in the Legislature, it's time to be outraged. It's time to create a climate for the private sector in Maine where our job creators can succeed – where Maine people can prosper.

The high cost of doing business in Maine is the common theme from Kittery to Fort Kent, from Fryeburg to Belfast. Therefore my legislative agenda will focus on the concerns I have heard from job creators. We need more than jobs. We need careers to pull our state out of poverty. We need good paying careers that will offer benefits, job security and job satisfaction.

We must focus on lowering the cost of energy, creating an educational system that can help us compete globally, and boost efforts to strengthen the local economy in each community in Maine.

I am convinced that reforms in these 3 areas will bring more jobs to Maine and provide the career paths that are missing today for so many Mainers.

One of the largest inhibitors, if not the biggest obstacle to job creation is Maine's high energy costs. We must address the issue of the high price of electricity and energy costs in total, if we want economic prosperity. For example, Tambrands in Lewiston/Auburn competes for capital against 3 other US plants to grow. Energy costs in the other 3 plants range from 4.2 to 5.6 cents kwH while in Maine it is almost 8 Cents per Kwh.

Another example is the Advance Pierre/Barber Foods facility in Portland. They compete with plants in Oklahoma where energy costs are 7.5 cents per Kwh, while Maine they are 12.5 cents or 67% higher.

Electricity prices in Maine are the 12th highest in the country and 42% above the national average. As a result, Mainers pay approximately \$400 million dollars more than the national average for electricity. Think about that – \$400 million dollars that could be used elsewhere in our economy.

Maine no longer competes just in New England; it must compete nationally and globally.

However, there are some who think government should mandate what types of energy Mainers must buy – regardless of how expensive it is.

I DO NOT support Augusta being in the business of increasing costs on Maine

ratepayers to pad the pockets of special interest groups.

I believe it is morally and ethically wrong to take more money from those who can least afford it to line the pockets of those that are politically connected here in Augusta.

I have met and spoken with companies ranging from natural gas providers, oil dealers, electric utilities, and biomass suppliers to gather input regarding how to lower Maine's overall energy prices.

My energy policy will focus on all forms of energy, and give Mainers the freedom to choose whether or not they buy from renewable sources.

For example, hydropower is a green energy. Let's remove the 100 MW restriction on renewable hydropower.

I support letting the free-market decide what energy sources are sustainable for Maine people.

Energy conservation is an important goal. However, we must make sure our government programs that use taxpayer dollars for energy efficiency, are responsible and cost-effective. Look back 15 years ago -- did every household have a laptop, a cell phone, an iPad or an iPod? We have to recognize that with technology comes the reality that we will consume more and more energy in the future.

We need to empower Maine people to take control of their energy fate.

Businesses have repeatedly told us that they have jobs available, but lack a qualified workforce to fill them.

I have met with students, teachers, principals and education experts. I learned too many of our students drop out of high school, and too many that complete high school are not ready for college or a career.

We must reform our educational system today or we'll fall even further behind.

This summer, Commissioner Steve Bowen and I studied educational systems from around the world.

For much of the 20th century, the United States led the world in quality of education, driving economic prosperity. Sadly, our country no longer leads, but struggles to follow.

Most international assessments of student performance, place the United States at best as average. Average is not leadership. Average will not get us prosperity.

Average means: we are as close to the bottom as we are to the top.

Maine can and must lead the nation.

Improving education in Maine starts with one simple step: putting our students first. That is not a slogan. It is not a clich. We all must ask ourselves “What is best for the student?”

Not special interests, not unions, not superintendents, not school boards - students must come first.

Teacher effectiveness is critical to student learning.

We will soon introduce a series of reforms related to Maine’s teacher effectiveness policies. Maine must have the best teachers educating our children.

Children’s educational needs should be determined by their families – not by their street address.

Last year, this Legislature did a great thing by passing charter school legislation. That is a start!

As we put students first, we must recognize that some students learn best working with their hands.

My hobby is woodworking. Woodworking requires a strong working knowledge of geometry. Some kids aren’t going to pick up geometry in a textbook, but will in the context of trades such as woodworking, welding, or machining.

We must ensure that every student has access to a wider array of educational opportunities.

Therefore, I want to increase access to, and improve upon, Maine’s Career and Technical Education System. Students should have the ability to choose to study trades, and develop skills before joining the workforce.

As we consider education reform, I ask you to keep one question in mind: what is best for the student?

I spent my career as a businessman, turning around private sector companies.

I have said it many times – As Governor, I cannot directly create private sector jobs. However, together we can develop policies that will encourage businesses to expand and create opportunities here in Maine.

If Maine is to be truly “open for business”, we must work to further reduce the high cost of doing business. Last week, the Wall Street Journal reported that in 2009, Maine had the 9th highest tax burden in the country. New Hampshire was the 6th lowest. Even TAXachusetts was lower than Maine.

Last year we passed the largest tax cut in state history. But that is not enough. I will

return to the Legislature with further proposals to reduce Maine's tax burden. We will focus on keeping our retirees here at home, spending money with our small businesses, investing in our state, and mentoring our children and grandchildren.

We must break the cycle where retired Mainers live in Florida for 6 months and 1 day to avoid our high taxes. It's one thing to go south for some beach weather in January and February; it's entirely different when you have to escape the tax man.

As Governor, I am determined to make state government accountable. We need to work with our job creators – not against them. Red tape or procrastination, or just foot dragging is no longer acceptable.

However, encouraging businesses to expand takes a partnership with local communities and the state. Therefore, my administration is developing a Certified Business Friendly Community Program. This is a way for the state and communities to partner to reduce red tape and promote job creation.

The goal is simple: we want our local communities to partner with businesses. Let's identify those communities that exhibit a pro-job creator attitude and go the extra mile in creating jobs and wealth.

These communities will be recognized by the State as communities that are "Open for Business." I believe, Maine is the most beautiful state in the nation. It is important that we do not lose sight of our roots as we work to improve our economy.

The choice between our environment and our business climate is not "either or." It should always be "both."

Through much of our history, fishing, farming, and forestry have been Maine's economic engine. Maine can be prosperous, and still be a great vacationland. We are committed to reviving these industries to get Maine working again.

I call on the Legislature to support our plan to create the Department of Agriculture, Conservation and Forestry. With renewed strength and collaboration, this Department will be a good steward of our natural resource based economy for future generations.

The last issue I want to address this evening is one that is very personal to me. I am sad to say that my childhood memories are ravaged with domestic violence. Those memories are not pleasant; but I share my past to help end domestic abuse today.

Every year, nearly half of Maine's homicides are related to domestic violence. In 2011, 23 people were murdered, 11 involving domestic violence.

These are real lives – mothers, fathers, sisters, brothers, uncles and aunts, and yes - even children. We all feel the horrific effects of domestic violence.

This tragic loss of life is unacceptable. I have ZERO tolerance for domestic abuse, of any kind.

More than 80% of domestic violence assaults are committed by men. It is time men stand up, speak up, and stamp out domestic violence. As men – we must stand together as one and say no to domestic violence.

Tonight, I am proud to acknowledge a domestic violence awareness advocate who has a personal connection to the affects of this brutal abuse.

After the murder of his 2 year old grandson, Arthur Jette became involved with the Maine Chapter of Parents of Murdered Children.

Art and I believe that it is time we shift domestic violence from being a women's issue, to a men's issue. It will take a much tougher justice system to stop this violence. I have teamed up with the Chief Justice, the Attorney General, and Commissioner Morris, district attorneys, victims and the Maine Coalition to End Domestic Violence in an effort to strengthen Maine's domestic violence related laws.

Our system must focus on protecting women and children. There is more to justice than winning and losing a court case.

We must close loopholes in our current bail system. It is important that the law ensures the most dangerous offenders are put in front of a judge before bail is set. Ending domestic violence is not a partisan issue. I'd like to thank House Minority Leader Emily Cain who has expressed an interest in sponsoring this bill.

Ladies and gentlemen ... make no mistake, Maine is at a crossroads, and the road to economic recovery is a challenging one.

In order to succeed, we must put politics and gridlock aside.

It is time to roll up our sleeves, get to work and fight for the Maine people.

Thank you for this opportunity to share my thoughts and vision with you tonight. God Bless Maine and God Bless America.

Now let's get to work.

State of New Jersey; Chris Christie; Jan. 17, 2012

Lt. Governor Guadagno, Madam Speaker, Mr. President, Members of the 215th Legislature, Members of our Congressional Delegation, Members of the Supreme Court, our former governors and the people of the State of New Jersey:

This has been a difficult week for all of us who work in this State House and are committed to public service. Over one week ago, we lost our friend Alex DeCroce. During this week, we have celebrated his life in this chamber, at his wake, at his funeral mass and, undoubtedly in the homes of the thousands of New Jerseyans whose lives he touched during his 23 years of service in the Assembly. We cap that week of recognition today by flying all flags on government buildings across our State at half staff in Alex's honor. Now, if you will all please join me in a moment of silence to honor Alex's life and legacy.

Knowing Alex as well as I did over the last 19 years, I know he would tell me, "Enough of this now, Chris. Let's get back to work." That is exactly what I intend to do.

It is a pleasure to return to this chamber to report to you on the State of our State. Today, I am proud to report that the New Jersey Comeback has begun. How do we know it has begun? Just look around you.

In the last two years, we have come together to address the mess that was our budget. The decline, deficits, and departures that plagued our State just two years ago have been reversed. The budget is balanced. Our unemployment rate is no longer going up, it is coming down. Job growth has been restored – in the private sector, where we want it. New Jersey is back.

We have restrained the growth of property taxes. We have put our pensions on a more stable and sustainable footing. And in doing all this, we have restored confidence and pride in New Jersey.

The New Jersey Comeback is taking place in large part because of what we have done in this chamber. Together, we have done something that Trenton hasn't seen in a very long time. We worked together. We achieved compromise. And we put New Jersey and its people first.

For New Jersey, the corner has been turned. Today, the debate is not about who to blame for our failures, it is how to build on our successes.

It is no longer about how to deal with devastating decline; it is now about how to push New Jersey even further ahead. To be better than we thought we could be. In these last two years New Jersey has set the standard for governance in America: be honest; don't mince words; and do the big and difficult things. Not only because

it is right, but because it lays the foundation for future greatness. Now it's our job to finish the task.

Job one is the economy.

Consider where we were just two years ago.

When I raised my hand to take the oath of office then, I could not say with confidence that the State would meet its payroll within two months. Imagine that, New Jersey unable to meet its payroll. That was the gravity of the mess we were left to deal with due to the mismanagement which reigned in this town before our arrival. Our deficit for that fiscal year, already more than half over, was more than two billion dollars. The budget problems for the next year, fiscal year 2011, was a record deficit of \$11 billion.

The solution was not easy, but it was also not complicated. We had spent too much as a state. We had lived beyond our means. And by trying to tax their way out of it, previous governors and legislators had left New Jersey in 50th place – dead last among the states – in the total tax burden it placed on our citizens.

We had the highest tax rate in the nation, the highest unemployment rate in a quarter century, and the largest budget deficit per person of any state in the nation. So step one was to stop the bleeding – by stopping the spending. We cut 375 programs in that first fiscal year, saved two billion dollars for the taxpayers, and brought Jon Corzine's budget into balance. Next, with your help, we enacted a budget that imposed discipline, in the form of another cut in spending, for the second year in a row: cutting spending for each and every department of state government.

That was tough medicine – but it was the beginning of better health. Last year, because we took that medicine, we were strong enough to reduce business taxes and improve New Jersey's climate for job creation. I want to thank this legislature for joining me in recognizing that – for New Jersey to grow private sector jobs again – we must reduce the tax burden on our citizens and our businesses.

Step two was controlling property taxes. As everyone in New Jersey already knows, they had risen 70% in the ten years before I became governor. Rising property taxes were driving people out of this state.

And so we joined together – and again I thank this legislature and in particular your leaders, Senate President Sweeney and Speaker Oliver – to cap property tax growth at no more than 2% a year. And we put the same 2% cap on the interest arbitration awards that were giving rise to higher taxes.

We must never forget that the root cause of rising property taxes is always excessive government spending. As with all problems, you must get to that root cause – and together, we did it.

And here's the good news: it is working.

Last week, the state's largest newspaper announced the results of its comprehensive study of property taxes in New Jersey. The headline said it all: "At long last, tax relief."

Step three was to get a grip on our long-term liabilities. Our pension system was \$54 billion in debt at the start of 2011, and scheduled to be underwater by \$180 billion in three short decades without a change in course. It was imperative that we save these pensions for our middle class and at the same time lift the burden off of our taxpayers created by the unrealistic promises made by career politicians.

>And so we confronted the obvious, negotiated a solution and saved taxpayers over \$120 billion dollars. The pensions of every state worker, of every teacher, and of every retired municipal employee are more secure today. By the tough choices we made together, we saved their pensions.

Again, the solutions were not easy, and not always popular, but they were also not complicated. We had to raise the retirement age a bit; we had to get a grip on the effect of COLAs; we had to make sure that the contributions of employees were fair, and that the state kicked in also. But by taking these steps we made a big dent in the problem.

At the same time, we had a public employee health system that was \$67 billion in deficit in January of 2011. To right this wrong, we relied on two simple principles: we should give employees more choice and everyone must pay their fair share. We, once again, compromised with each other to right a failing system and, in the process made political history in New Jersey. We came together. We took on the special interests. We put our citizens first.

At the time, the New York Post said we had pulled off "something of a miracle" in pension reform. But it wasn't magic. In a country dominated in so many places by partisan bickering, we just had to be honest and realistic about the math, and grown-up about the answers.

And the good news is this – the people of New Jersey can take it. We've shown the rest of the country that we are Jersey strong. Today, the results of that Jersey strength and that Jersey attitude are beginning to show.

Since our administration came into office, New Jersey has added over 60,000 new private sector jobs. Remember, in 2009, the state lost 117,000 jobs. According to Rutgers University economist Joseph Seneca, 2011 was the best private sector job

growth year in New Jersey since 2000. 60,000 new private sector jobs since we took office. The best job growth year in more than 11 years.

Here is my promise to the people of New Jersey: We will keep the momentum going. I will not permit anyone to re-impose the tax raising, overspending, irresponsible ways of our past which led to our dark decade of joblessness in New Jersey. Stand strong with me and I will stand up for you. We are going in the right direction and I will oppose any move to return us to the despair those policies brought to New Jersey and its citizens.

The new direction is clear. We have changed the business environment in this state and, as a result, we are changing the jobs environment.

From Asurion (which established its regional headquarters in Bridgewater), to Allergan (which picked New Jersey for its northeast research and development center), we have been able to attract new jobs from around the country to New Jersey.

From Watson Pharmaceuticals (which moved to Parsippany), to Pinnacle Foods (which moved to Cherry Hill), employers are beginning to understand that New Jersey is once again a friendly state for businesses and jobs – a great place to work and raise a family.

And it's not just around the country. People are recognizing the New Jersey Comeback all around the world... Bayer put its North American headquarters in Morris County, Novo Nordisk in Middlesex County, and LG Electronics in Bergen County.

We have begun this turnaround in the face of strong national headwinds. Across our country, growth is still anemic. There has been no national solution to our debt and deficit problem, no catalyst for growth, no leadership on the economy. The politics of envy have overtaken the imperative of opportunity. Our economy suffers while Washington politicians – in both parties – fiddle. America's position of strength and leadership around the world deteriorates while our leaders bicker and blame.

Over the last two years New Jersey did the exact opposite. We achieved results because we did it together.

Over the last two years we've said – let's put aside our differences on some issues so we're able to work together on others.

Now it doesn't mean we didn't shout at each other. It doesn't mean we didn't get angry. You may even recall that even some of my friends had some very colorful nicknames for me.

Now, that anger is natural, that passion is good, but we have shown that on the important issues, on the really big things, we can still come together to lead the people of New Jersey to a better outcome.

We've shown that it's possible to hold fast to key principles, but still reach compromise.

We've shown New Jersey, and the nation that there is a better way. That divided government can work; that Democrats and Republicans working together is possible. And in fact it's necessary.

Two years ago at my inaugural, I asked Senator Sweeney and Speaker Oliver to join me in a handshake to demonstrate our commitment to working together – sticking to our principles, but finding common ground for the good of the people. Our handshake that day was a symbol, because it could be nothing more than that. Back then, we had nothing to show the people but our good faith and the promise for tomorrow. Today, no symbolic handshake is needed. Thankfully, we have shown through our deeds that we are willing to work together. Substance over form. Accomplishments over partisanship. Thank you, Steve. Thank you, Sheila. So in this year, in 2012, let us continue to show the state and the nation what is possible. Let New Jersey continue to set the example. Let New Jersey continue to lead the way.

And let us do it together.

Over the last two years we've had to make some tough choices. It was important to do what was difficult and what was necessary to get New Jersey out of its hole. But, because of these hard decisions, the shared sacrifice and because we stuck to our discipline we can now focus on our priorities.

We will have to continue to hold the line on spending. And I guarantee you this: the budget I submit, and any budget I will ultimately sign into law in June, will be truly balanced.

But we have been working to get to this moment. To finally have New Jersey right side up, so we can focus on the big things. To challenge ourselves to be better. To strive for greatness. To ensure that every New Jerseyan is given the opportunity to have the life they want.

So in my budget, I will fulfill a promise I made to all the people of New Jersey in 2009. Real relief from the heavy income tax burden that has strangled our families and forced many to move away.

I propose to reduce income tax rates for each and every New Jerseyan. In every tax bracket. By 10% across the board.

I also propose to fully restore the earned income tax credit for New Jersey's working poor, which we were forced to cut during the dark days of 2010, when growth was gone and we had no money. Understand what this means – every New Jerseyan will get a cut in taxes. The working poor. The struggling middle class. The new college graduates getting their first job. The senior citizens who have already retired. The single mom. The job creators. The parents trying to afford to send their son or daughter to college.

Everyone made the sacrifice. Everyone will share in the benefit. This will send a loud signal to New Jerseyans and would-be New Jerseyans, to families here now and families who have left, to businesses and job creators thinking of coming here and those who have struggled to stay: New Jersey is once again a place to plan your future, raise your family, grow your business and someday retire. The New Jersey Comeback has begun.

Let's be under no illusions – our job in turning New Jersey around is far from finished. We have improved our tax climate – but, there is much work to be done. For make no mistake – we are in a competition. A competition for jobs – among countries, yes, but also among states. In the last decade, two-thirds of all companies which moved jobs to a new location did not move to other countries – they moved from one state to another.

Here in our region, our most direct competitors are making very different choices. In Connecticut, the governor has raised income tax rates on top earners and job creators. And New York last month enacted legislation to do the same. Other big states are also raising taxes. California's governor has proposed to raise the top rate – already among the highest in the nation, by up to two percentage points. Illinois has already adopted a law to raise all income taxes by 67%. In this environment, the best way to compete is to show a different direction. Let others choose tax increases. We choose responsible tax cuts to give our overburdened citizens real relief. And to help New Jersey grow.

Now some will argue, "Wait a minute: New York only raised taxes on the rich. Why not adopt Governor Cuomo's package for New Jersey?"

Here are the facts. If we enacted the exact same income tax rates put into law by New York last month, every person earning below \$100,000 a year would face a tax increase – of anywhere from 150 to 200%. And, by the way, those earning a million dollars would get a tax cut. Is that what we want? Is that fairness?

I don't think so. An across the board tax cut is fair – every New Jersey taxpayer will benefit. Every New Jerseyan's rates will go down. Every New Jerseyan will see relief.

This is exactly what I was talking about when I took office; that the tough choices would lead to the right ones.

Today, because we have put our fiscal house in order we can budget for our priorities and give tax relief to all of our people. Tax relief that will lead to better lives for our citizens and more jobs for our state.

Job number two is to reform our education system – to strengthen our schools. Over the course of the last year, since outlining my proposals from this podium, I have worked with this legislature – on a bipartisan basis – to put in front of you a package of bills that will address the biggest challenges facing public education in New Jersey. We have had a year to debate, discuss and deliberate.

Now, in 2012, it is time to act.

New Jersey, in so many ways, is blessed. The majority of our schoolchildren continue to perform well, above most other states, on national student assessment tests. New Jersey has so many great teachers producing so many great students. Too many in the educational establishment, however, use that very real success as a camouflage for abject failure elsewhere in New Jersey. To use the success of others as an excuse to block change for those we are failing is not only wrong, it is immoral. Too many of our schools are failing our children, and they have been failing for far too long.

We live in a time when educational attainment and economic success are correlated as never before. That is a good thing. It means that for this generation of Americans, what you can achieve will be driven not by who you know, but by what you know. You need to look only at the recent Harvard/Columbia study of 2.5 million students over 20 years in America. Its independent research supports what I told you from my heart, from this podium, one year ago.

Great teachers have a more significant impact on their student's future success than average ones. Even more importantly, average teachers have an even greater effect on their students when they replace underperforming teachers. Research that confirms our own common sense.

Tenure reform will lead to even greater student achievement because replacing underperforming teachers with even an average teacher raises each classroom's lifetime earnings by over a quarter of a million dollars. Let's act on real tenure reform now. Let's replace despair with hope in every classroom in New Jersey.

Because I believe it is obscene to be satisfied. When the chance for a life filled with hope and opportunity is determined not by how hard you are willing to work but by where you happen to live. Not by your intelligence, but by your zip code.

Let's face it: more money does not necessarily lead to a better education. Today, in Newark, we spend \$23,000 per student for instruction and services. But only 23% of ninth graders who enter high school this year will receive high school diplomas in four years. Asbury Park is similar: per pupil costs, at almost \$30,000 a year, are nearly 75% above the state average. But the dropout rate is almost 10 times the state average. And math S.A.T. scores lag the state average by 180 points.

>It is time to admit that the Supreme Court's grand experiment with New Jersey children is a failure. 63% of state aid over the years has gone to the Abbott Districts and the schools are still predominantly failing.

What we've been doing isn't working for children in failing districts, it is unfair to the other 557 school districts and to our state's taxpayers, who spend more per pupil than almost any state in America.

Basic human decency and simple common sense say it is time for a different and better approach.

The tools to give our children and their parents who are confronted with failing schools the chance for a better outcome are before you.

They are embodied in bills which are bipartisan in nature and consistent with the reform advocated by President Obama, Education Secretary Duncan and most recently by New York State Governor Andrew Cuomo.

My proposals reflect the input the administration has received at hundreds of meetings with educators, parents and professionals around the state. They are supported by independent research done at Harvard and Columbia.

Most importantly, they reflect the intention we should all have: to put children first. The momentum to put children first began last week when you passed, and I traveled to Camden to sign, the Urban Hope Act. This new law will allow school districts in Newark, Camden and Trenton to partner with experts in the private sector to build and operate renaissance schools in these districts so in need of change.

We have given some of our urban schools a signal that hope is on the way. I want to thank Senator Donald Norcross and Mayor Dana Redd for their bi-partisan support of this idea. You and I both know that this is a good start, but only a start. There is much more work to do.

Here is what I propose:

First, reform tenure – by measuring teacher effectiveness, both with professional observation, and objective, quantifiable measures of student achievement – and then by giving tenure to those with strong evaluations, and taking it away from those whose ratings are unacceptably weak. We cannot ask parents to accept failure in teachers when their children's lives hang in the balance;

Second, if layoffs are necessary remove the least effective teachers instead of just the most junior ones. It is time to end the system of "last in, first out," which protects some of the worst and penalizes some of the best;

Third, pay teachers more when they are assigned to a failing school or to teach a difficult subject. Compensation should be designed to attract and retain effective teachers where we need them most;

Fourth, end forced placements. Teachers should not be assigned to schools without the mutual consent of the teacher and the principal. If an acceptable placement can't be found in 12 months, the school district should have the right to place the teacher on permanent unpaid leave;

Fifth, we should reform our process for authorizing charter schools to attract the best operators to New Jersey, to streamline the process for the best performers, to focus on our failing school districts and to encourage innovation. We must give parents and children in failing schools an alternative; and

Last, and perhaps most importantly, establish tax credits to provide scholarships for low income students in the worst-performing schools in the state to enable them to attend a better school, either out of the district or a private school. Opportunity should not be offered to only those in an excellent school district or with parents who have the money to release their children from the prison that is a failing school. Let's pass the opportunity scholarship act now.

These are not radical reforms; they are common sense. They are not rash; they are long overdue. And they are not luxuries which can afford to languish for another six months or another year; they are essential for New Jersey's success.

I have a message that is not from me, but from the single mom in Newark, and the struggling parents in Camden, as well as the employers in our state: education reform has waited long enough.

New Jersey is one of America's most diverse states.

This means we have diverse problems, but also diverse opportunities. It means we must build the skills and improve the opportunities for many types of people, from all backgrounds and all walks of life. And it means we must work in multiple ways to improve the quality of life for everyone.

Creating jobs and fixing the schools are probably the two most important ways to do that, but there are other steps we can take as well to improve the quality of life in New Jersey.

This leads me to job number three. We need to reclaim our inner cities, respond to underserved regions, and engage our most vulnerable citizens.

A few months ago, I hosted a town hall meeting in Union City with Senator Brian Stack. A woman from Newark was there. A mother. A neighbor. A concerned citizen. That day, she asked me a very direct question – and actually, I believe it was a question for all of us.

She said, “I just wonder if the amount of violence, the amount of shootings, the amount of murders that take place in the City of Newark. I just wonder sometimes if it bothers you like it bothers us. Particularly the mothers who have lost their children.”

And she ended her question with a plea. ‘Help us,’ she said, ‘Help us.’ Well, that woman was Cassandra Dock. And I met with her and her neighbors. She is here in this chamber today.

I ask all of you to send a message that in New Jersey we are creating a place where everyone is given the opportunity to live the life they want. I ask all of you to join me in saying to Cassandra. Yes, we will help you.

Here is one example: we can only improve our quality of life by keeping the most violent criminals off the streets. So, I ask you to approve my bail reform package, which would mirror the federal system. It would keep offenders with a history of violence who are a danger to our communities in jail until the time of their trial, instead of releasing them into society to prey on the public.

This may require a constitutional amendment but it is reform that is long overdue. Do you know that if a person is arrested with a long record of violence we cannot detain that person in jail pending trial? We must release that person, regardless of how dangerous they are to potential witnesses against them or innocent members of our society. Let us amend our bail laws to allow judges to consider the factor of dangerousness to our communities before we release a violent person back on to the street to maim or kill while they await trial. This, too, is just simple common sense.

At the same time, let us reclaim the lives of those drug offenders who have not committed a violent crime. By investing time and money in drug treatment – in an in-house, secure facility – rather than putting them in prison.

Experience has shown that treating non-violent drug offenders is two-thirds less expensive than housing them in prison. And more importantly – as long as they have not violently victimized society – everyone deserves a second chance, because no life is disposable.

I am not satisfied to have this as merely a pilot project; I am calling for a transformation of the way we deal with drug abuse and incarceration in every corner of New Jersey.

So today I ask this Legislature and the Chief Justice to join me in this commitment that no life is disposable.

I propose mandatory treatment for every non-violent offender with a drug abuse problem in New Jersey, not just a select few. It will send a clear message to those who have fallen victim to the disease of drug abuse – we want to help you, not throw you away. We will require you to get treatment. Your life has value. Every one of God's creations can be redeemed. Everyone deserves a second chance.

These are the big things I'd like us to focus on in 2012. These are my priorities. We know in our hearts that we represent some of the toughest, the most direct and honest people in America. A group of people who are destined for great things if we just give them the opportunity. But we also know that for too many years these same people were depressed about what New Jersey had become.

Our leaders disappointed us in many different ways. Promises were made that weren't even attempted to be kept.

Our economy suffocated under the wet blanket of overtaxation, overspending, overborrowing and overregulation.

Our education systems failed those who needed it the most, and our leaders stood by and said, "be patient, and we'll fix it." In popular culture, New Jersey had become a punch line, rather than a place of pride.

What's happened in the last two years?

Over the last two years, New Jersey is now seen around the country once again, not exclusively as the butt of late night jokes, but as a focus of the evening news and the Sunday talk shows. Why? Because, once again, we are leading America – by taking on the big things in public policy.

We've known all along that our State is destined for great things. We just needed to give the people of our State the confidence that can come from watching leaders work together and from a state rising again all around them.

To everyone in this room, to everyone watching in their home or listening in their car, I have one simple message: for the New Jersey Comeback to continue and grow, we must all come together.

This obligation is not just mine and it is not just Kim's. It is not just Steve's or Sheila's, not just Tom's or Jon's. The New Jersey Comeback is not about what happens in Trenton alone. All of you are in this too. Our wins and losses are your wins and losses. Our successes and failures are your successes and failures. The New Jersey Comeback didn't start just here and it won't be sustained just here. The New Jersey Comeback is yours, too.

And so I say to all of you, regardless of where you are, regardless of what region of our State you come from, regardless of what political party you call home, you have had a stake in what has happened over the last two years, and you have contributed to making it happen.

Now is not the time to stop, now is the time to double down. Now is not the time to put the brakes on New Jersey's growth. Now it is the time to put the foot down harder on the accelerator. Now is not the time to turn back. Now is the time to make New Jersey greatness a reality again.

That is what the next two years of my governorship will be dedicated to every day. We have climbed out of the hole that was left to us – together. Now it is time to raise the great flag of the State of New Jersey as high as we can – together.

I cannot do it alone. Republicans cannot do it alone. Democrats cannot do it alone. Because, as Martin Luther King once said, "We may have come on different ships, but we're in the same boat now."

We must do this together in every town, every city and every county across our state. If you are ready to join that fight with me in the next two years as you have in the last two years, we will be here two years from now looking at a state that once again is a leader for a rejuvenated America.

If you are willing to join that fight, so am I – on your behalf. That is what you elected me to do. And that is the solemn commitment I make to you again today.

Thank you, God bless you, God bless America and God bless the great State of New Jersey.

State of South Carolina; Nikki Haley; Jan. 18, 2012

Mr. Speaker, Mr. President, Ladies and Gentlemen of the General Assembly, Constitutional Officers, and my fellow South Carolinians:

This and every year, we will continue the tradition that recognizes the certain truth that nothing said in this Chamber tonight, or done in this Chamber tomorrow, would be possible without the commitment and sacrifice of the men and women in uniform who bravely serve our state and nation.

The hardest part of my job is the calls I make to the families of our fallen heroes, but each time I put down the phone, I am touched and amazed by the strength, the grace, and the pride with which these brave survivors handle the tremendous sacrifice of their loved one.

So now, please join me as we pay tribute to those who gave the last full measure of devotion in the service of their state and country this past year: Senior Airman Nicholas J. Alden; Sergeant First Class Alvin A. Boatwright; Staff Sergeant Thomas J. Dudley; Sergeant Lashawn D. Evans; Private First Class Kalin C. L. Johnson; Sergeant First Class Johnathan Bryant McCain; Gunnery Sergeant Ralph Earl Pate, Jr.; Private First Class Cheziray Pressley; Master Public Safety Officer Edward Scott Richardson; Sergeant Ryan D. Sharp; Chief Warrant Officer Terry L. Varnadore II; Sergeant First Class Anthony Venetz, Jr.; Private First Class Justin M. Whitmire. We will never forget.

We are a patriotic people, South Carolinians. We love our state, we love our country, and we love our men and women who put on the uniform, who keep us safe. They are our parents and our children, our husbands and our wives, our mothers, our fathers, our siblings, our friends. We are honored to have with us the parents of one of those heroes, Lance Corporal William "Kyle" Carpenter from Gilbert, who was wounded in Afghanistan and is continuing his recovery at Walter Reed. The prayers of South Carolina continue to be with Kyle and all of our wounded veterans. Mr. and Mrs. Jim Carpenter, thank you for being here.

Tonight, there are 766 families across the state with loved ones in the South Carolina Army National Guard who are deployed and serving overseas, far from their homes. Our family shares a special bond with the military families of South Carolina. Like them, we know the pride of watching our loved one wear the uniform of the strongest, proudest nation in the history of the world - loving his job. Please join me in welcoming my husband, an officer in the South Carolina Army National Guard, and the coolest first man ever, Michael Haley. I have often said, and I firmly believe, that if I'm a good wife and a good mother, I will be a good governor. The greatest blessing of my life is being a mom to two little ones, a daughter who loves to dance, and a son who wants to be the next LeBron.

Please help me thank my two little ones who keep me humble every day and remind me that no matter what is going on in the world, the most important title I have will always be "Mom." Rena and Nalin, give us a wave.

I have great love and great respect for our state motto, "Dum Spiro Spero," meaning "While I Breathe, I Hope." We adopted it in 1776, that fateful year that birthed the nation each of us is blessed to call our home. It described South Carolinians then -- tough, resilient, and ever optimistic, and I believe it describes us now. The people we call our friends and neighbors, the people known around the world as South Carolinians, cherish our faith, our families, and the values they instill in us. We believe all is possible with hard work. And our great hope lies in creating a better tomorrow for our children and our children's children. Ladies and gentlemen, while I breathe, I hope, and it is with great faith in those words, the words chosen by our forefathers, that I say to you tonight that the state of our state is surging.

When this Administration came into office, just over a year ago, with unemployment in double digits and growing, our focus was almost singular -- jobs. The reason is fairly simple: if you give a person a job, you take care of a family. And we have a lot of families to take care of in South Carolina. The good news is we've made great progress this past year. The bad news is we still have a ways to go. But my pledge to each of you sitting before me tonight, and more importantly, to the 4.6 million South Carolinians outside of these walls, is that I will not rest until we've created a climate in which every citizen of this state who wants a job, has a job. We have grown and expanded our South Carolina family this year, welcoming in some wonderful new partners. And after all was said and done, due to the kind of cooperation through all branches and at all levels of government that can and should spread beyond the economic development arena, we were able to celebrate 5 billion dollars of investment in South Carolina, and the recruitment of almost 20,000 new jobs in our great state. In a few moments, I'm going to recognize a number of those new partners, who Michael and I have invited here tonight as our special guests. But before doing so, I want to focus a little on the cooperation mentioned earlier, on what it looks like, and what it has meant for our state.

We all remember the excitement that swept across South Carolina back in the fall of 2009, when Boeing chose North Charleston as the location to build a new line of 787 Dreamliners. We remember what 1,000 initial jobs meant to the people of our state, and we remember it as the lift our economy, and our spirits, needed. We remember the promise of thousands of future aerospace jobs, both inside and out of the Boeing plant, and what those jobs will do for the next generation of South Carolinians. It was the greatest economic development success the Palmetto State had celebrated in almost two decades, and the people of our state wrapped our arms around the newest member of the South Carolina family. Part of the reason our enthusiasm for Boeing knew no bounds was we'd seen how they operated in Washington State -- they took care of those that took care of them. While they were creating 1,000 jobs here, they were expanding 2,000 more in Washington State. Not a single Boeing worker was hurt by their decision -- in fact, just the opposite. A commitment from Boeing -- to a state, to a community, to a work force -- is a real commitment, a

proven commitment, and we knew that the face of South Carolina would be forever changed. Then, this spring, the National Labor Relations Board reared its head, suing Boeing in what will surely be remembered as one of the most fundamentally un-American decisions ever handed down by the federal government. And South Carolina would not stand for it. From every corner of our state, we pushed back. Our federal delegation. Business leaders. State and local officials. And most importantly, the citizens of South Carolina. And Boeing stood tall. Under tremendous pressure from the President and his union allies, this great American company said no, we did nothing wrong and we refuse to cave. And late last year, the NLRB backed down and dropped its frivolous suit. Please take a moment to join me in expressing our gratitude to a great American -- and yes, a great South Carolinian, as he now has a home in the Lowcountry -- Judge Michael Luttig, Executive Vice President and General Counsel for The Boeing Company, and a tremendous friend to the State of South Carolina.

I run through this story that many of us already know because there are a number of important lessons that lie within. First is the lesson I want to make clear to the business community, both in and out of our state: when you're here, you're family. No one will fight harder for you, no one will do more to make and keep you competitive, than the state and the people of South Carolina. Second, for the federal government, the lesson must be that if you pick a fight with South Carolina, you better be prepared for one, because South Carolinians take care of our own. We always have, we always will, and we will not tolerate indefensible attacks on our citizens. And third, the lesson that I, and I hope you, take away from this episode is that together, speaking with one voice and driving toward a clear and focused goal, there is nothing that South Carolina cannot accomplish.

The sheer size of investment, and the raw number of jobs we have seen come our way this year -- during a time when states and nations are struggling economically in ways the world has rarely seen -- is a testament to the truth of that idea. Coming into office a year ago, Secretary Bobby Hitt and I found an economic development community in South Carolina that was fractured. But job recruitment is, by its very nature, a team sport. You don't just sell a state; you sell a state, a county, a community, and a way of life. They say all politics is local -- that is twice as true for economic development. And the team effort has worked. We have so much to be excited about -- and not just in the traditional economic hotbeds like Charleston and Greenville and Lexington, who we want to continue to thrive and grow, but also in the less populated areas like Orangeburg and Union and Denmark. Please help me celebrate some of the great announcements we have had over the year. Every South Carolinian should be proud of the fact that, of all the places in the world these companies could have picked, they elected to make our home, their home. Please stand and be recognized:

- Representing Continental Tire, in Sumter, George Jurch
- Representing TD Bank, in Greenville and Lexington, David Lominack
- Representing Bridgestone Americas, in Graniteville, Steve Brooks
- Representing Nephron Pharmaceuticals, in West Columbia, Lou and Bill Kennedy

- Representing BMW Manufacturing, in Greer, who just produced their two-millionth car, Max Metcalf
- Representing Otis Elevator, in Florence, Torsha Hicks
- Representing ZF Group, in Duncan, Dr. Ludger Reckmann
- Representing Innovative Composites International, in Orangeburg, Rubens Roque
- Representing Be Green Packaging, in Ridgeland, Mark Blitzer and Dave Brown
- Representing GKN Aerospace, in Orangeburg, Kevin Cummings
- Representing TigHitco, in North Charleston, Jeff Winkler
- Representing Gestamp South Carolina, in Union, John Craig

Please stand and give all of these friends of South Carolina a round of applause.

We have another reason to celebrate in South Carolina. From the tidal creeks of Beaufort to the shores of Lake Keowee, South Carolina is blessed with the kind of natural beauty that makes us the envy of the nation. And this was the year we finally beat San Francisco -- Charleston was named the top tourist destination in America. Please join me in congratulating Charleston Mayor Joe Riley, who unfortunately couldn't be with us tonight. But we can't rely on God's gifts alone to keep our tourism industry -- the second largest industry in our state -- turning. We have to sell South Carolina. And there is no better opportunity, no better showcase for our state and our citizens, than the Heritage Golf Tournament. For a generation, the Heritage had been backed by a long-time corporate sponsor. It was a shock to our system that we lost their support. But that shock did not justify the knee-jerk response from some in our government. It is not now, nor will it ever be, the responsibility of the taxpayers of South Carolina to fund a golf tournament. Instead, it is the responsibility of the leaders of our state to do the work necessary -- sometimes hard, sometimes less-than-glamorous -- to preserve the events that we value, that pump dollars into our economy and energy into our communities. And the hard work of many -- Duane Parrish, in particular, and a host of local stakeholders on Hilton Head Island -- paid off. The nation will again watch as the best in the world walk down the 18th fairway at Harbour Town, awed by the beauty of the setting, the state, and the graciousness of our people. South Carolina has a new partner, a great friend, so please help me thank and welcome the title sponsor of the Heritage golf tournament, RBC, represented tonight by James Tricoli. We'd also be remiss if we didn't thank, once again, Boeing, the local presenting sponsor of the RBC Heritage.

While we have made great progress, there is more work to do. We will continue to sell our great state each and every day, to fight for the jobs our people need and for the financial security they deserve. In order to better do that, we, in this room, need to focus on legislation that is pro-business and helps us create a more competitive environment. I have long said that it is a wonderful thing when we recruit new companies to South Carolina, but when one of our own expands, that's when the real celebration begins. We have to take care of the businesses we already have, and when they can grow and invest back into their people, their product, and our state, we're doing something right. As we talk with CEOs from around the world, their

focus is clear: keep the cost of doing business low. Our agencies have taken strides to reduce regulations and fees, and to change the culture so that every single employee understands that if government is costing our businesses time, we are costing them money. And that is unacceptable.

Speaking of lost time and money, I want to thank Speaker Bobby Harrell and Senator Larry Martin for leading the charge on tort reform last year. Until 2011, South Carolina was the only state in the southeast that did not cap damages on lawsuits. Thanks to the people in this room, that is no longer the case. That was a huge first step. My ask of you today is to remember that there is always more to be done on tort reform. Looking at the states we compete with -- the Tennessees, the Alabamas, the Virginias -- it would be naïve to think they will settle for playing second fiddle to South Carolina in the economic arms race. They will scrap for jobs every bit as hard as we will. And the greater the protection we give our people and businesses from frivolous lawsuits, the better positioned we will be to capitalize on other assets. The next step in tort reform is a loser-pays system, so that there is a real cost to suits that waste the time and money of our businesses and our courts, and that our companies understand that South Carolina won't stand for trial lawyers playing games with their bottom line.

We also need to strengthen our work force .It's critical on two levels. First, the ability of our state to provide a company with the workers it needs, to quickly move products, is a huge component to getting them here in the first place. If they can't find workers here, they'll go somewhere else. Second, and just as important, we want these jobs going to our people. Twenty-thousand new jobs coming to our state is a lot more exciting when it means that 20,000 more South Carolina workers will be walking out the door each morning with their heads held high, with a sense of purpose and pride, able to care for themselves and their families. The tools for an effective job training program already exist -- we just need to do a better job of putting the puzzle together. Our technical colleges and vocational rehab programs are as good as any in the country. ReadySC has proven, time and time again, it can deliver the workers our companies need -- and deliver them swiftly. It is our responsibility to ensure that the left hand is talking to the right, that we aren't wasteful, and that every dollar directed to work force training is actually spent training our work force. Before the month is out, you will see us unveil a restructuring of our work force training program. Under the direction of General Abe Turner, and in partnership with one of the most respected and effective private sector companies in America, we will get our communities ready and put South Carolina back to work.

Finally, I love that we are one of the least unionized states in the country. It is an economic development tool unlike any other. Our companies in South Carolina understand that they are only as good as those who work for them, and they take care of their employees. The people of South Carolina have a strong work ethic, they value loyalty, and they take tremendous pride in the quality of their work. We don't have unions in South Carolina because we don't need unions in South Carolina.

However, as we saw with the assault from the NLRB, the unions don't understand that. They will do everything they can to invade our state and drive a wedge between our workers and our employers. We can't have that. Unions thrive in the dark. Secrecy is their greatest ally, sunlight their most potent adversary. We can and we will do more to protect South Carolina businesses by shining that light on every action the unions take. With the help and support of Chairman Bill Sandifer and Director Catherine Templeton we will create a competitive playing field for the companies that choose to call our state home. We will require unions to tell the people of South Carolina how much money they are making on our backs, which politicians they are funding, and how much they are paying themselves. We will protect the right of every private and public citizen to refuse to join a union, and, by Executive Order, I will make it clear that our state will not subsidize striking workers by paying them unemployment benefits. And we'll make the unions understand full well that they are not needed, not wanted, and not welcome in the State of South Carolina.

All of the strong, pro-business policies we put into place won't matter, however, if we do not keep our fiscal house in order. During the past several years, agencies have faced financial challenges and used fund balances and flexibility to shift money between accounts to cover expenses like rent and payroll. With revenues increasing, state government needs to stop these non-transparent accounting practices. It's time for truth in budgeting. In my Executive Budget, we have funded agency operations with recurring funds so that taxpayers can see how much and where money is spent. No more agency shell games. No more one-time money for multi-year expenses. Much of the so-called "growth" in this budget is not growth at all, but simply us being honest about how much it costs to operate state government. To permanently control spending, our government can and must function within a spending cap. And as you've heard me say time and time again, any General Fund dollars above and beyond that cap must go towards tax relief, debt relief, or reserve funds. We cannot continue to spend every dollar we have. If it is bad policy in our homes and in our businesses - which I think we can all agree that it is - then it is bad policy in state government. It has to end.

Milton Friedman, the famed economist, once said, "One of the great mistakes is to judge policies and programs by their intentions rather than their results." We agree. In order to stay within the spending cap and deal with massive expansions in federally-mandated programs like Medicaid, we have had to make unpopular decisions. But we've also tried to restore some of the programs and agencies that do pass that test, that do fulfill core functions of government. The protection of our citizens and communities allows for us to have the quality of life we enjoy in our state. Which is why, last week, our budget strengthened the South Carolina Law Enforcement Division. We have restored funding to our DNA lab, so that SLED can clear the backlogs. We have increased the number of SLED agents, equipment, and their technology budget. And we've brought Chief Mark Keel home, where he belongs, so that SLED can return, quickly, to its intended mission: Serving the sheriffs and chiefs across South Carolina.

We've also bolstered mental health, recognizing that failing to provide basic care to those who suffer from mental illness will cost us more in the long run, both in dollars and human costs. These are people who, if treated, can live safe and productive lives. If left untreated, they often end up one of two places: our emergency rooms or our jails. Finally, every child in South Carolina learns differently, some more so than others. It is our responsibility as the leadership of this state to embrace that reality, not fight it, and give all of our children the chance to learn, to grow, and to thrive. And so the time to make a real investment in our charter schools has come - and our budget does just that. Charters are innovators - we need those fresh insights and ideas to help us improve our educational system for all of South Carolina's children. Yes, we can, have, and will cut spending in the State of South Carolina. But we must be smart about it. The time of across-the-board cuts is over.

The Executive Budget also outlines a number of policy initiatives that will continue to move South Carolina forward and make us more competitive -- and, importantly, it pays for them.

Tax reform is critical to our state -- every conversation we have with CEOs at some point drifts to our tax structure, and we have been communicating with Representative Tommy Stringer and his tax reform committee on how we move forward with real changes this year. Our budget includes almost 140 million dollars in tax cuts for the people and businesses of South Carolina. These cuts will flatten the individual income tax from six brackets to three, reduce taxes for the citizens of our state by almost 80 million dollars, and phase out the corporate income tax over a four year period, injecting much needed dollars back into our businesses and giving us an unbelievable economic development tool. The tax relief we ultimately adopt must be broad-based, offering relief to as many South Carolinians as possible. And these tax cuts should mean lower rates -- not more credits, exemptions, and loopholes that only benefit a chosen few. What we have laid out in the budget is a blueprint for how we believe the dollars available for tax reductions can best be spent. Together, I believe we can agree to a set of tax cuts that make South Carolina more competitive and send more dollars back where they belong - in the pockets of the people and businesses of our state.

The Executive Budget also presents a plan to give local school districts more control over school buses. There is absolutely no reason for South Carolina to remain the only state in the nation that runs a bus fleet. It is cumbersome, it is wasteful, and it prevents our Department of Education from focusing its efforts where they need to be - on educating the next generation of South Carolinians. Under the new system, individual school districts would be given the opportunity to decide whether to operate bus fleets themselves, to choose a private operation, or to develop a hybrid solution. The goal here is to give districts as much flexibility as possible, as every district is made up of different students with different needs. We're not interested in mandating bus choices down on our locals - what we are interested in is giving them

options and getting the State of South Carolina out of the school bus maintenance business.

I know many in this Chamber are concerned about the situation with our ports. The concerns are valid, because our ports are vital. Let me start by assuring you that no one will work harder to get the funding necessary to deepen the Port of Charleston -- starting with the creation of a port infrastructure fund in this year's executive budget. Part of South Carolina's advantage in recruiting industry is the Port of Charleston. It is a huge part of why companies like Bridgestone, like Continental, like Michelin come to and expand in our state. From the first day of our Administration, I have worked with our federal delegation to clear away all of the impediments to making Charleston the premier port in the southeast -- starting with getting the port to the post-Panamax depth of 50 feet. There has been much discussion about DHEC's decision and whether two viable ports in the region are good or bad for the economics of South Carolina businesses and our state. I have said it before, and I will say it again: I am not afraid of a 48-foot Georgia port, 36 miles up the Savannah River, confined to one-way traffic. You should not be either. Let's quit bickering and work together to see Charleston return to its greatness, Jasper have a future, and Georgetown have a purpose.

Finally, the Executive Budget calls for an evolution of the way we fund higher education. Our intention is twofold: reward the schools that well-serve our students while providing real motivation for those that need to improve. I was a legislator. I remember the pressure that comes with the budget. I also know that there needs to be a better, more consistent way to fund higher education, one based on merit and accountability, not on which school is the most popular. By adopting a new accountability-based funding formula for higher education, we all win. The schools get stability and flexibility. Legislators will no longer be faced with university lobbyists demanding dollar after dollar. And above all, South Carolina's parents and students will know that their education is fairly and appropriately funded.

When this Administration took office, we were facing massive deficits in three agencies: Corrections, Social Services, and Health and Human Services. I told you then that deficits were unacceptable in the Haley Administration, and tonight, I am proud to say that not one Cabinet agency is running a deficit of even a single dollar. I'd like to request that the best cabinet a governor could ask for please stand and be recognized. The largest of those deficits was HHS, facing a hole of 228 million dollars. In response, I asked you to release the handcuffs off the Department so they could truly manage our Medicaid program. Under the leadership of Senator Harvey Peeler, you did, and for that, I thank you. Since then, HHS has moved aggressively to find problems and fix them. Today, the program is on budget and has avoided the massive service and reimbursement cuts that other states continue to experience. And this past week, we announced enhanced fraud prevention and quality control to reduce eligibility and payment errors found in audits of the Agency's work under previous administrations.

A year ago, many of us argued that our number one health care problem in this country was its high cost- and that the way to provide better health to our citizens was not just massively expanding a broken system by giving it more government money. Medicaid is that broken system -- there is too much waste, too much fraud, and too little focus on prevention and personal responsibility. And almost all of those problems are caused by the mandates of the federal government. But here in South Carolina, under the leadership of Director Tony Keck, we are tackling the root causes of our problems, not just the symptoms. Health care providers are now working in partnership with us to improve quality and lower costs. We identified payment reform to align incentives between health care providers, payers, and patients as a top priority and are implementing strategies to do just that. We are shifting towards Medicaid managed care, which independent studies show saves us money and delivers better quality than traditional Medicaid. And for the first time, we are giving managed care companies a financial stake in improving quality year after year. No longer will the State of South Carolina bear the costs of poorly managed health care alone. We will continue to push back against the federal takeover of our health care system. South Carolina does not want, and cannot afford, the President's health care plan. Not now, and not ever.

To that end, we will not pursue the type of government-run health exchanges being forced on us by Washington. Despite the rose-colored rhetoric coming out of D.C., these exchanges are nothing more than a way to make the state do the federal government's bidding in spending massive amounts of taxpayer dollars on insurance subsidies that we can't afford. We will have no part in that. Instead, we will continue to fight to increase transparency between patients and doctors and doctors and insurance companies and to get South Carolinians invested again in their health care .As a nation, we can no longer allow ourselves to be divorced from the true cost of our health care - and in South Carolina, we won't be.

Last year, we spoke openly and honestly about the fact that it was a tough budget year, and for some groups, some programs, it was going to hurt. In some respects, the same thing is true this year. I have been pleased to see what's been accomplished on pension reform in the past few months. Specifically, I want to recognize Senator Greg Ryberg, who has literally been banging the drum on this problem for years, as well as Senators Hugh Leatherman and Thomas Alexander, Representatives Brian White and Jimmy Merrill, and Retirement Director Bill Blume. The seriousness and focus with which you have approached reforming our retirement system is commendable. Let's be clear -- the size of our pension system's unfunded liability has ballooned from 199 million dollars in 1999 to 17 billion dollars this year. If we are to honor our commitments to those who have already dedicated their careers to public service, then no one can dispute that this is an issue we must resolve to deal with today. Fortunately, some steps have already been taken. The recent decision to lower the assumed rate of return was an important one -- not just because it means we will finally be more honest about how much we can expect our retirement systems to earn, but also because it forced us to confront the fact that our current policy of automatically awarding cost of living increases is

irresponsible and unsustainable. To protect our pension funds, we must stop granting cost-of-living increases to our retirees in years when the funds are losing money. It may not be politically popular, but it's the only responsible thing to do. There are a number of other reforms that we must adopt in order to shore up the retirement systems and to curtail further abuses. We need anti-spiking provisions that keep employees from using sick leave and vacation to artificially inflate their pension payouts. For new enrollees, we need to close the doors to the TERI program once and for all to prevent double-dipping. And while we're on the subject of double-dipping, we need to shut down the General Assembly's own retirement system. It's time that legislators receive the same benefits as other state employees. If we take these steps now, we can ensure that our state employees have a reasonable, sustainable, comfortable retirement. If we don't, if we continue to stick our heads in the sand, they may not have a retirement at all.

The retirement system is not the only reform we need to move forward with - just this summer, we were reminded what happens when you have an agency that answers to more than one boss. At the Department of Transportation, we have a Secretary, appointed by the Governor, who runs day to day operations, and a Commission that sets policy and approves projects. It's a balancing act, one that has the entire Department answering to two bosses. Worse, the Commission system is entirely political and pits the regions of our state against each other. How can we possibly have a statewide road plan when every project is initiated because of parochial needs and interests? The honest answer is we cannot. DOT cannot repeat the mistakes of this past summer, and they will fix the structural issues causing the problems - but it is time for the two-boss system to go. I ask that you support Speaker Pro Tempore Jay Lucas, who has more than 60 co-sponsors joining him in his effort to restructure the Department of Transportation. Many in this room worked on this issue in 2007. We knew then that the actions we took were simply the first step. It is time we finish the job and dissolve the Transportation Commission.

Speaking of restructuring, two decades ago, Governor Carroll Campbell made the following comment in his State of the State Address: Ladies and gentlemen, 1992 is the time to start whipping government into shape. We must reform government and we must start now. For at least 62 years, governors have stood at this podium appealing to the General Assembly for an efficient government, accountable to the people. Eight studies spanning 70 years echoed this call, yet much of government answers to no one. Twenty years later, we are closer than we have ever been to ridding the people of South Carolina of a backwards, 19th century government structure that continues to keep us down. Chairman Jim Harrison got the bill rolling in the House, and our office has worked on the development of the Davis/Massey Amendment in the Senate. We ask that you support it. It is time to abolish the Budget and Control Board. The bill is now on the Senate floor. Many in the Senate committed to the people of our state last June that Department of Administration will be the first task you complete this year. I thank you for that -- and I know that the people will hold you to your commitment. I understand all-too-well the politics

that stand in the way of this bill landing on my desk. But the leadership of South Carolina has for far too long put politics ahead of progress, and our constituents deserve better. They deserve a government that hears them when they speak, that responds to their needs, that wastes less and serves better. And they deserve a government that is truly, finally, accountable to them. Please, don't get distracted. This is not about politics. This is not about power. This is simply about moving our state forward and responding to the will of the people. It's time to put this issue behind us, celebrate together, and move on.

The first year of anything new brings challenges and opportunities, pleasant surprises, and regrettable disappointments. This last year, for me, has been no different. I have been pleasantly surprised by the willingness of legislators to work together and find common ground for the betterment of the people of South Carolina. It is my sincere hope that that willingness remains and that we can continue to make progress on the issues we've touched on tonight. My biggest disappointment has been just as surprising, although less pleasantly so. I simply do not understand the culture of negativity that exists within our political class. The initial response to almost every action is for someone to say "can't" and "no" and then run to file a lawsuit. I think differently. I believe the only way we make South Carolina a better, stronger state is if we turn that same negative energy into a positive, and focus on "can" and "will" instead of "can't" and "won't".

No greater example of this negativity exists than the response of a few naysayers to the phone greeting we created for state employees. Let me tell you the story of how that came about. While my primary focus, day-to-day, is on getting our state working again, I also understand I am the Chief Executive of South Carolina, and I've tried to do what I can to improve the morale of state employees and remind them that our mission is customer service. One afternoon, I was in my office, thinking about that culture of negativity that we're trying so hard to change. So I made my way to see Sheila Jones, our receptionist, and I asked her to try answering the phone, "It's a great day in South Carolina, how may I help you?" and to let me know the response. On the first try, the caller responded, "You know what, it is a great day in South Carolina!" It was all the confirmation I needed. The goal was for state employees to feel proud of where we live and what we do, and have a constant reminder that we work for the person on the other side of the line. What could possibly be so wrong with that?

Let's think about this: in 2011, we started with a deficit and ended with a surplus. We announced almost 20,000 jobs and five billion dollars in new investments. Our legislature showed the people they understood the importance of putting their votes on the record and passed tort, unemployment, and Medicaid reforms. We protected the integrity of our election process from voter fraud and our citizens from the dangers of illegal immigration. We saved the Heritage Golf Tournament and won the fight with the National Labor Relations Board. Those are all reasons to celebrate. But what I love is that we are a great state with good, hardworking people. We are patriotic and love our country. We appreciate the simple blessings of life. We

understand that the hospitality we show visitors is reflective of all of us. Through our challenges, we never forget the importance of holding on to our faith and families and always taking care of our neighbors. That to me, is more than enough reason to say, it is a great day in South Carolina. And we've only just begun. Thank you, God bless you, and may He continue to smile on South Carolina.

State of Wisconsin; Scott Walker; Jan. 25, 2012

Speaker Fitzgerald, Speaker Pro Tem Kramer, President Ellis, Majority Leader Fitzgerald, Minority Leader Miller, Minority Leader Barca, members of the Wisconsin Supreme Court, Constitutional Officers, tribal leaders, members of the Cabinet, distinguished guests, members of the Legislature, my wife Tonette and our family and most importantly fellow citizens of the great state of Wisconsin, it is an honor to appear before you tonight.

Next to my wife is the Adjutant General of Wisconsin Major General Don Dunbar. I want to thank him and the more than 10,000 members of our state's National Guard.

With him tonight are the members of the 724th Engineer Battalion. I first spoke with them when they were deployed in Iraq. I greeted them when they returned home and then, I saw many of them again this summer as they responded to the massive damage caused by the wind storms in northwestern Wisconsin.

Their dedication — to their country, their state and, their communities is a prime example of what we all know as the Spirit of Wisconsin. We thank them - and all of the other men and women in uniform: both past and present — for their service.

Before we begin our conversation, let us take a moment to honor a member of our state government family, who couldn't be with us tonight. Representative Tamara Grigsby is fighting a brave battle. Like so many of you, Tonette and I continue to send our thoughts and prayers to Representative Grigsby and her family, and we look forward to seeing her in this chamber again very soon.

Tonight, we come together to discuss the state of our state. To do so, we need to remember where we were as a state prior to a year ago, what we've accomplished over the past year and most importantly where we are headed in the year to come.

When I addressed you in this chamber last January, Wisconsin had suffered through three years of 150,000 of our fellow citizens losing their jobs. The unemployment rate was 7.5%. And after years of tax increases and budget tricks, Wisconsin faced one of the largest budget deficits in the country.

Now, our unemployment rate is down from a year ago. In fact, it's the lowest it's been since 2008.

We are turning things around. We are heading in the right direction.

During the past year, we added thousands of new jobs. And we balanced the state budget. We balanced it — without raising taxes; without massive layoffs; and without budget tricks; all of which allowed us to put more than \$1.2 billion of new state money into Medicaid programs like Badgercare and FamilyCare.

Tonight, I want to share with you how we got here and I want to share our plan for:

- Helping the people of Wisconsin create more jobs,
- Keeping a balanced budget and
- Improving the education of our kids by working together.

When I ran for governor, I talked a great deal about the core principles I call “Brown Bag Common Sense.” One of those principles is that people create jobs, not the government.

In the past, however, some thought that the government did create jobs and that's how they justified raising taxes to pay for the unsustainable expansion of government.

That thinking might explain why prior to my taking office the state lost 150,000 private sector jobs.

In contrast, I believe it is the people of this state who create jobs and not the government. With that in mind, I set out to improve the climate for small businesses in Wisconsin.

Last year, we passed some of the most aggressive pro-jobs legislation in the country. And we did it with help from lawmakers in both parties because these aren't Republican or Democrat jobs, they're Wisconsin jobs.

Tonight I'm happy to report that after three years of losing 150,000 jobs Wisconsin actually added thousands of new jobs in 2011. New business formations are up by over 2 percent. And our unemployment rate is down from a year ago.

In fact, Wisconsin's unemployment rate is not only lower than the national average but much better than our neighbors to the south in Illinois.

Most importantly, we improved the climate for job creators here in Wisconsin over the past year.

Today, 94% of our job creators believe Wisconsin is headed in the right direction. That compares to just ten percent who thought the same thing just two years ago. And a majority of these employers say they're going to grow in 2012.

They will join companies like RUUD Lighting in Sturtevant or Uline in Hudson, Collaborative Consulting in Wausau or Shopko in Green Bay, Generac in Whitewater or City Brewing in La Crosse — all of whom announced new jobs during the past year.

They'll join Kestrel Aircraft in Superior. I was just there two weeks ago when they announced they're adding 600 new jobs. The Mayor said it was the largest jobs project in the region since World War II.

But, the inspiring stories don't come just from company owners or plant managers; they come from employees.

Sandy Breth — who is here with us tonight — has one of those great stories.

When the economy took a dive a few years ago, she took a pay cut. Not long after that, she lost her job. Today, however, she's working at G3 Industries in Mosinee.

G3 is one of those companies that added jobs in the past year and now has plans to add even more in the future. The owner told me that he's creating more jobs in Wisconsin because he likes the way we are moving our state forward.

Without the positive changes, he told me he would not have had the confidence to grow his business here. Improving the business climate is not only good for business owners; it's good for people like Sandy and her family.

We need more stories like hers in Wisconsin. So our Lieutenant Governor and I held small business round-tables all over the state.

From La Crosse to Green Bay, from Superior to Racine, from Milwaukee to Eau Claire, from Madison to Wausau, we listened. In particular, we heard many business owners say that they have jobs but that they cannot find enough skilled workers to fill them. This is a problem that must be solved.

With that in mind, we introduced our Wisconsin Working jobs plan. In it, we double the number of job fairs, add staff to connect people to employment, make it easier for job seekers to get needed skills and we prepare to do more to promote manufacturing.

In addition, we are specifically targeting our veterans for full employment. It is unacceptable to think that any man or woman who has served our country would return home and not be able to find a job. I made employment of our returning veterans the number one mission of our state Department of Veterans Affairs.

Focusing on veterans is good for employers like Monarch Company in Milwaukee who is looking to add machinists and welders. After a recent visit there they told me they understand the benefits of employing veterans. Our returning service members are good hires because they are well disciplined. On top of that, they can get their training paid for through the Wisconsin GI Bill that we fully restored last year.

To create more jobs, employers told us they also need help cutting through the red tape of government.

Tonight, I'm announcing new members to the Small Business Regulatory Review Board which has the authority to review every rule in all of our state agencies. I will

direct our agencies to work with them to remove antiquated and unnecessary regulations that pose a threat to creating new jobs.

Employers also told us that they need a 21st century infrastructure system to drive economic development. After the previous administration raided more than a billion dollars out of the Transportation Fund, I took action to restore our commitment to good roads, freight rail and strong ports. We know that a strong transportation system helps manufacturers and farmers get product to and from market and it keeps good people on the job building that infrastructure.

There is another tremendous opportunity for job growth. We can pass legislation that will streamline the process for safe and environmentally sound mining. The proposed project in northwestern Wisconsin could provide at least 700 jobs at the mine and thousands across the state.

I mentioned this idea several times during the campaign and we've debated it for months. Now it is time for Wisconsin to move forward on a project that is not only about jobs but also about the history of our badger state.

Our heritage in Wisconsin is also built on fiscal restraint. One of the most important parts of our state constitution affirms that "frugality in government leads to freedom and prosperity for our people." That is worth repeating: "frugality in government leads to freedom and prosperity for our people." I believe our founders had it right.

Think about it, when I spoke here last January, Wisconsin faced a \$3.6 billion deficit.

In the past, state government took more than a billion dollars away from building safe roads and bridges, illegally raided the fund to support malpractice victims and ignored a payment to Minnesota for tax reciprocity. And one-time federal stimulus money was used for ongoing costs — all of these practices left us with a more than \$3 billion hole to fill last year.

While these poor decisions of the past left us with a major budget deficit, Wisconsin was not alone. Nearly every state in America faced a budget deficit in 2011. So what did other states do?

Some, like Illinois, raised taxes — but that only made matters worse.

Other states used massive layoffs to balance their budgets. We avoided that in Wisconsin.

Some states cut core services like Medicaid. But in Wisconsin, we added some \$1.2 billion to Medicaid and our reforms allow us to expand Familycare — our long-term care program for seniors — all across the state.

Still other states opted to use budget tricks. But I didn't want to pass that burden on

to my sons and their generation. I want our kids and grandkids to inherit a Wisconsin even greater than the one we did.

With that in mind, we balanced the \$3.6 billion budget deficit with long-term, structural reforms. We thought more about the next generation than we did about the next election.

And isn't that what the people elected us to do? We kept our promises.

It's why our ranking as a good place to create jobs went up faster than any state in the country last year. We went from years of being ranked in the bottom ten to breaking into the top half of the states. Employers appreciate that we took our fiscal problems seriously and that we addressed them with real solutions.

Another important pledge I made was to not raise taxes. That's even more important in a tough economy.

Many of us believe that the \$3 billion tax increase imposed a few years ago actually led to the massive job losses through 2010. In contrast, we enacted a budget in 2011 that lowered the overall tax burden in Wisconsin.

For the five years prior to last year, the average school tax levy increased \$220 million per year. Our reforms led to the first decrease in the school property tax levy in six years. The total school tax levy actually went down by more than \$47 million.

That means real money in the hands of real people. People like Pam Petry of Rice Lake. Mrs. Petry saw her property tax go down by more than \$100 this year. Or people like Gail Griswold of West Salem who was surprised to see her bill go down, too.

Our reforms helped protect these taxpayers and thousands of others across the state.

Still, there is more to be done to protect the taxpayers of Wisconsin. Last year, I appointed the bipartisan Commission on Waste, Fraud, and Abuse. The members turned in their final report earlier this month. In it, they identified over \$400 million in savings for the taxpayers.

We've already implemented some of the recommendations from this report. And to date, these reforms have saved taxpayers tens of millions of dollars. That's a great start.

But identifying waste isn't enough; we need to eliminate it. To that end, I'm announcing the Waste, Fraud and Abuse Elimination Taskforce charged with the responsibility to follow through on the report.

Because I respect the hard working people of Wisconsin, I will continue to be a good steward of the taxpayers' dollar. Eliminating waste, fraud and abuse is a top priority of my administration.

Just as important as saving money, our reforms help government work well in places where it does have a legitimate role – like education. As governor, I travel the state and see great schools all the time. And as the father of two public high school students, I'm reminded of their importance every day.

I want to improve our schools and ensure that every kid — no matter what zip code they live in — has access to a great education.

Fortunately, we can have great schools and protect taxpayers at the same time. We just have to spend our money more wisely. For example, before our reforms, school districts often had to buy their health insurance from one company which cost them millions of dollars.

Now, they can bid it out and that is saving school districts millions of dollars across the state. The Hartland-Lakeside School District saved nearly \$700,000 by switching insurance providers. In Menomonee Falls they saved \$2.4 million. In North Fond du Lac they were able to keep the same provider but saved over \$300,000. That's money that can go directly into the classroom.

Here's another example, a few years ago long before I was governor, a young woman was named the Outstanding Initial Educator by the Wisconsin Council of Teachers of English. Not long after she received the award, she was laid off.

Why? Well, under the old collective bargaining system she was one of the first to be laid off because she was one of the last ones to be hired. It didn't matter that she was one of the best teachers in the state.

To correct problems like that, our reforms now allow local school districts to staff based on merit and pay based on performance. That means we can put the best and brightest in our classrooms — and we can keep them there.

Two years ago, I spoke to the convention of school board members and administrators and laid out my plan. As a candidate for Governor, I told them that the system needed to be reformed and that we should empower local officials who were elected at the local level to make the decisions about their schools. And that's exactly what our reforms do.

The best reminder of that came from the words of a superintendent of a small school district who said to me "now I get to go back to my office and focus on curriculum instead of grievances." That is exactly what all of this hard work is for — to allow our schools, as well as our state and local governments, to work better for the people we serve.

Tonight, I want to again thank the many teachers and public servants from across the state of Wisconsin. We appreciate your hard work and your dedication to serving the public. And we are glad that Wisconsin avoided the massive layoffs of government employees experienced in other states.

Looking ahead, there is much more to be done to improve our education system.

No skill is as fundamental to student achievement as the ability to read. Something profound happens when a student passes from third grade to fourth grade. You see, from kindergarten through third grade, students spend the bulk of their time learning to read. But by fourth grade, our kids must be equipped with proficient reading skills, so they are no longer learning to read, but reading to learn.

That's why I joined with Superintendent of Public Instruction Tony Evers to put together a Read to Lead task force — which was a diverse group of educators, reading specialists, parents and others from across the state to create a plan for improving the reading skills of our students.

I also want to commend Senator Luther Olsen, Representative Steve Kestell and Representative Jason Fields — as well as each of the other taskforce members for working together on Read to Lead.

Wisconsin used to lead the nation as one of the top-ranked states in 4th grade reading assessment. But by the time I took office Wisconsin had sunk to the middle of the pack. We can all agree that we can and should do better.

As part of our Read to Lead plan, we propose swift action to get our students back on top when it comes to reading.

-We will fund screeners to assess every child entering kindergarten so that our teachers know the reading levels of each of their students and can put together plans to get kids reading at grade level.

-We will require the state's Young Star program which works with child care providers to include a new focus on reading skills and new training on early childhood education.

-We will implement a more rigorous licensure exam for elementary education programs patterned after the highly successful program in Massachusetts.

-We will create a Read to Lead development council to raise support for reading programs all across Wisconsin.

A study last April showed that students are 4 times more likely to drop out of a school if they are not reading at grade level by the time they leave third grade and

they are 13 times more likely if you include poverty as an additional factor. It is our duty to help all our kids learn to read early, so they don't ever have to feel like learning isn't for them.

Our most ambitious goal is developing a uniquely Wisconsin school and school district accountability plan.

Dr. Evers and I have been working with a diverse group of individuals to develop our plan to let parents, teachers, and communities know which schools are performing well, so that we can replicate their success. And we do need to know which schools are failing, so we can help them.

Ultimately, educators, parents and even employers will be able to look at the scores of schools and school districts all across the state. Every school that receives public funds — be it a traditional public school, a charter school or a choice school — will be rated by a fair, objective and transparent system. We are proud of the work done by this design team and I want to thank Dr. Evers and his staff for the great leadership and collaboration on this important project.

Tonight I've discussed our challenges, our progress and our vision for success as we seek to create a climate for more jobs, a fiscally sound state government and an education system that works well for all of our children. Now, I'm asking each of you — in every part of the state — to help us move Wisconsin forward.

Over the last year, we've demonstrated our commitment to improve the climate for business here in Wisconsin. Tonight I'm asking small business owners from across the state to consider hiring at least one more person this year.

Imagine how many more people we could get working if we all pitched in together.

To continue to improve our fiscal standing so our kids inherit a state without massive deficits, I ask each of you to share your ideas of how to eliminate waste, fraud and abuse in government at our website bestpractices.wi.gov.

Imagine how much better we can make our government work if we share good ideas and suggestions.

To continue to improve the educational opportunities for our kids, I'm asking each of you to join me and become a reading mentor. Last week, I started reading with a third grader in Milwaukee.

I read to her about Science and the marine life under the water. She read to me out of her book about the adventures of Edgar and Ellen. Then we did a reading exercise on the computer. I've got to tell you that I was impressed.

Imagine how many kids we can inspire to be great readers if we all reach out to our

local schools.

In closing, let me leave you with a final thought.

Years ago, when I had the honor of representing the people of Wauwatosa in this chamber I learned a valuable lesson: don't personalize your differences. Over the years, I passed that on to many others with the simple reminder that your opponent today may be your ally tomorrow.

The people I've met travelling the state over the past year seem to reflect that simple concept of respect for their fellow citizen. Sure, there are plenty of people with plenty of different opinions — on politics, on business, on religion, on sports, on just about anything in this state. But what I've found in most parts of Wisconsin is a sense of respect.

Most of the people I've met in this state care — not only for their family and friends — but for the well-being of their neighbors and fellow citizens.

That's the spirit of Wisconsin. I've seen it in the faces of the volunteers who show up to help after tornadoes in places like Merrill or La Crosse or Marinette. And I've always seen it in the faces of our men and women in uniform like the members of the 724th we met at the start of the night.

Moving forward I believe that spirit of Wisconsin will help us improve the state of our economy, the state of our budget, the state of our schools and — ultimately, the spirit of Wisconsin will help us all improve the lives of each and every citizen in our great state.

Now is the time for action. Now is the time to get our state working again. Now is the time to move Wisconsin forward.